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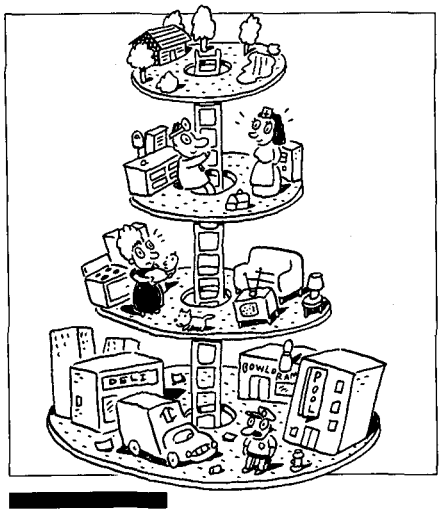
November 1988/Vol. 20, No. 6



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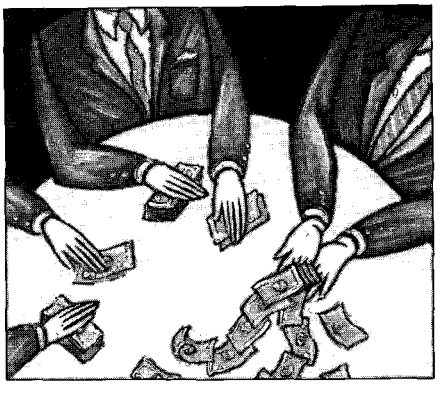

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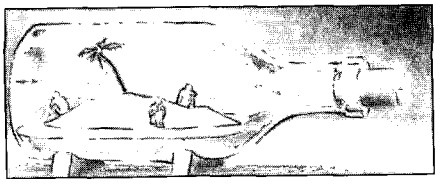

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LETTERS

Housing Fixer-Upper?

After reading "Revolution in the Projects" (July), I feel some clarification is necessary. Ms. McWilliams states that the Morrison amendment to the tenant management bill "seemed to bind tenant managers to union contracts negotiated by public housing authorities." There is nothing in the amendment I supported that imposes any provision of a housing authority's collective bargaining agreement on a tenant management corporation. As I said on the House floor in 1987 during the debate of the housing bill, "[the] tenant management organization will be fully free to set its own terms and conditions, just as a private management company would be it if came in and received...a management contract with the public housing authority."

The language was chosen specifically to avoid binding tenant managers to existing union contracts. It simply requires housing authorities to keep their promises to existing workers regarding such issues as displacement and layoffs when tenant management corporations take over management of a project. Union busters do not like this provision because it doesn't allow housing authorities to break their promises to existing workers when making new promises to tenant managers. Attempts to set current housing authority employees and tenants against each other, as the National Center for Neighborhood Enterprise and the Heritage Foundation did during debate on this issue, does nothing to advance the cause of tenant management.

Bruce A. Morrison
Member of Congress
Third District, CT

Rita McWilliams replies: Rep. Morrison's letter only obscures the issue—which is whether tenant managers will be able to put an end to the shoddy work done at many public housing projects. It is true, as I pointed out in my article, that so far his amendment has not been a problem. Public housing authorities have been able to find jobs elsewhere for union members unwilling to meet the standards of the tenant managers. What Mr. Morrison doesn't say is that his amendment forces the housing authorities to find these workers jobs in housing complexes not yet managed by tenants. The congressman seems to imply that all the to-do about his amendment is coming from the Heritage Foundation and the National Center for Neighborhood Enterprise, two groups that supported the tenants in their battle to wrest control of their homes from the bureaucrats. In fact, my sources for the complaints about his legislative handiwork are the same ones I quoted in the article—the tenants themselves.

Ego Booster

I read with interest your report "Battered Ego Brown" (Aug./Sept.). As someone who has experienced homelessness, I am disgusted with the ridiculous 1904 District of Columbia law which prevents Mr. Brown from helping the homeless. Mr. Brown deserves kudos and applause for his providing employment to the homeless. At least Mr. Brown can feel that whereas he's doing something about homelessness in D.C., lots of government officials are doing little more than tapping their feet on the backs of the destitute.

Micheal Flessas
Cambridge, MA

That's Ramo, Not Rambo

T. A. Heppenheimer ("Keeping the Peace," Aug./Sept.) is quite correct that strategic defense and arms control can aid each other. However, a majority of the American public has strong objections to the Reagan administration's particular way of combining the two.

Defense expert Simon Ramo has a plan that could sell much better in this coun-

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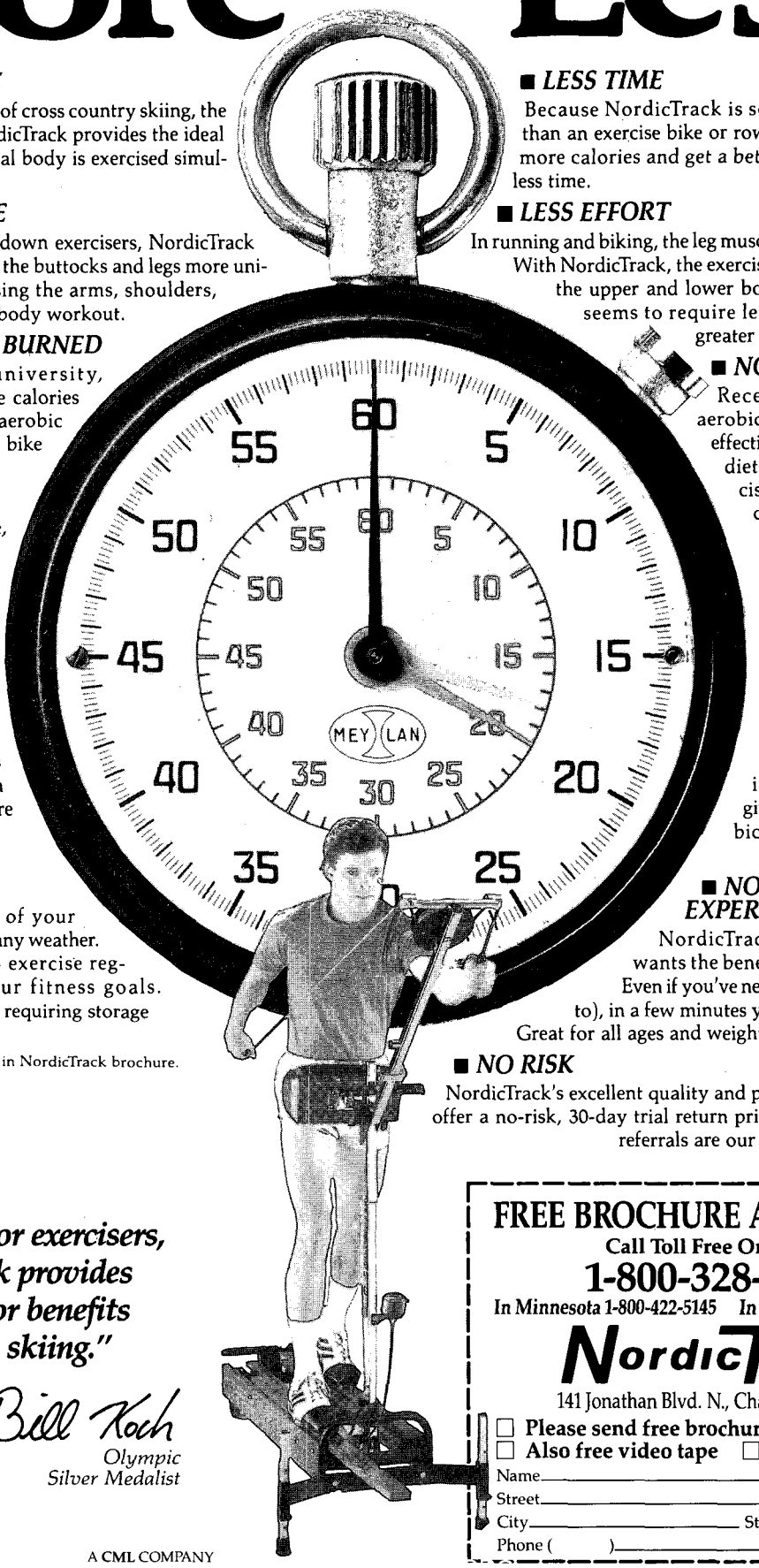

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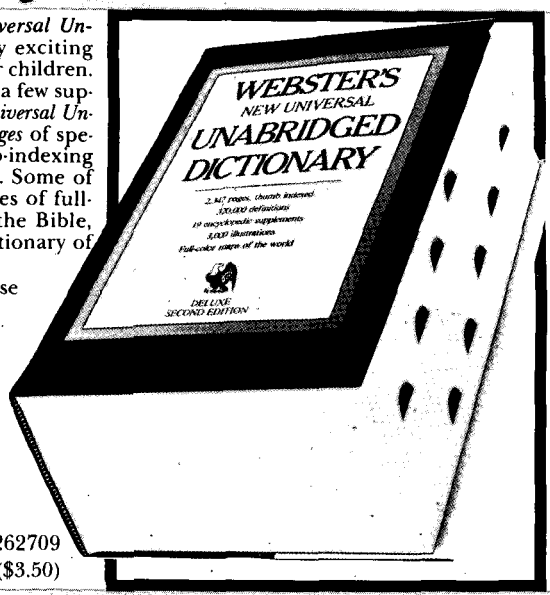

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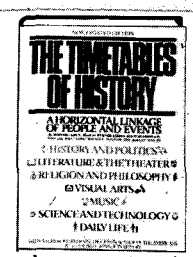

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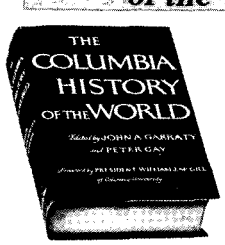

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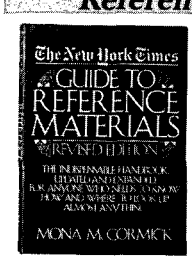

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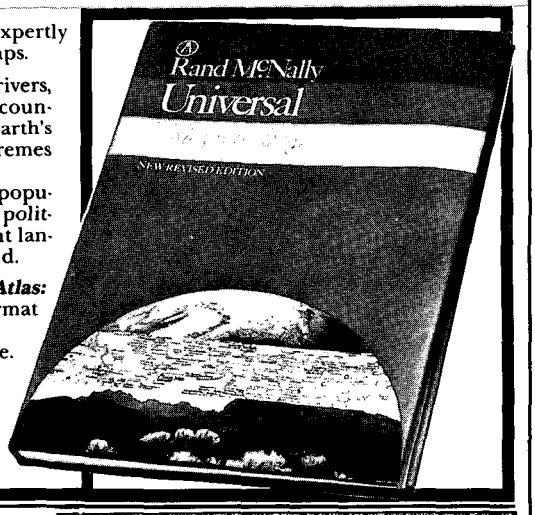

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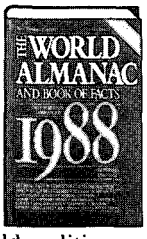

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try. Ramo would have the two superpowers enter into a treaty in which they would cut long-range missiles deeply, say to 10 percent of the present levels, and then each build a modest missile defense system that could handle the limited number of weapons that would be left, including possible illicit, concealed ones.

Such an arrangement would protect us against cheating, which is not a real threat until missiles are cut to low levels. Since only a relatively small number of warheads would have to be defended against, the missile system on each side could be small and use ground-based interceptors. This would be far less expensive than SDI. Ground-based technology is already rather well developed, so we could build the system far sooner than a space-based laser one and also be much more certain it would work. And since this would be done under treaty, it would not be destabilizing.

The Soviets might accept this plan, since it avoids the features of SDI they have stated they find unacceptable. If they rejected it, we would have lost nothing, and in fact such a rejection would show their objections to space-based defenses to be insincere. Ramo's plan might break the present stalemate in strategic arms control, and it deserves to be given serious attention.

Les Brunswick
Pittsburgh, PA

Mr. Heppenheimer replies: Dr. Ramo's views are well taken. He, like I, asserts that a combination of deep strategic cutbacks and limited strategic defenses represents the path the superpowers should follow during the coming decades. Our task is not to assert that any one proposal of this type is the answer, however. Our task is to kindle a debate in which many such proposals may be examined so that some policy of this type may ultimately emerge and shape the search for peace and security.

Ghost of JFK

After reading the August/September issue of REASON I am reassessing the theory of reincarnation, for certainly the self-righteous ghost of John Kennedy liberalism has reappeared in the editorial voice of Virginia I. Postrel ("Let's Reassess the Reagan Doctrine," Editorials).

If we just find the right cause, and give them the right kind of aid (money/weapons, not advice), and are clear about why we're doing this, then things will probably work out. The problem is that every administration that has ever supported intervening in another country's affairs has thought they were meeting at least two, if not all, of those criteria.

One of the cornerstones of the libertarian position is a noninterventionist foreign policy. Not only does interventionism exceed the boundaries of a limited government and rely on taxpayer subsidization, it also assumes that we are knowledgeable enough to make the right decisions about where to intervene and restrained enough to keep our advice, direction, and opinions to ourselves.

Greg Pinelli
San Jose, CA

Just Say No to Government Meddling

I cannot believe the response (Letters, Aug./Sept.) to Virginia I. Postrel's editorial "Thugs and Drugs" (June). Are these readers not students of history? Do they not remember the fiasco of Prohibition? Of McCarthyism? Have they not read about the tragedies caused by overzealous police in local communities? What about the California family that had part of its house blown in by police in a 3:00 A.M. drug raid and was hauled off to the police station, only to discover that the police had the wrong house? Or the Oregon family that was held at gunpoint by agents of the law looking for a marijuana plant—one plant, mind you—that turned out to be an exotic fern?

What happened to the idea that most ordinary, responsible individuals are capable of deciding for themselves what to eat, drink, or otherwise take into their bodies in the privacy of their own homes? Are some of your readers so blind to the follies of past government meddling in our private lives that they're willing to grant them license to do more of the same bungling at the expense of even more of our freedoms? Could some of your readers be unwilling to look beyond the media, which generally trip (no pun intended) all over themselves to convince listeners and viewers of their concern for drug abuse and which publish the government's propaganda without seriously dissecting it or examining the facts? (For instance, how many media organizations other than REASON were responsible enough to inform their readers or listeners that fewer people die each year from overdoses of illegal drugs than from drowning?)

It's about time we saw the great "War on Drugs" for what it is: more excuse for government to take away our freedom, control our lives, and use our hard-earned money to do it. The problem never gets any better, but politicians get fat telling us it will. Think about it, America! Our future depends on it.

Francis A. DeBartolomeo
Tracy's Landing, MD

Chinese Emperor, the Sequel

There is an interesting sequel to the events of the Chin dynasty, described in Jean Levi's novel reviewed by Steven Mosher (July). Soon after the death of the totalitarian Chin Emperor in 210 B.C., Liu Chi, soon to found the Han Dynasty, advanced with his army and took possession of Kuanchung, the Chin capital. Addressing his new subjects, he made one of the most brilliant libertarian speeches of all recorded history:

"I am now king of this territory of Kuanchung. I hereby promise you a code of laws consisting of three articles only.

1. He who kills anyone shall suffer death.
2. He who injures another or steals shall be punished according to the gravity of the offense.
3. For the rest, I abolish all the laws of Chin."

Where is this guy, now that the world needs him?

John McClaughry
Kirby, VT

Communicate with REASON!
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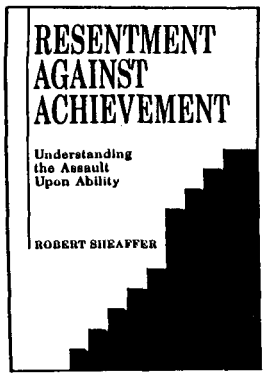

What's Behind The Politics of Envy?

RESENTMENT AGAINST ACHIEVEMENT

Understanding the Assault Upon Ability

by Robert Sheaffer

"Every once in awhile a book is published that is marked by a bold and original thesis that seems to make life more intelligible. Usually it breaks taboos or tacitly agreed-upon silences, and says things that are not 'supposed' to be said with a directness that hits like a slap in the face.

I am thinking of such works as Jose Ortega y Gassset's *The Revolt of the Masses*, Nock's *Our Enemy, the State*, and Schoeck's *Envy*, and of such authors as Nietzsche, Mencken, and Rand.

It is to this company that Robert Sheaffer's new book RESENTMENT AGAINST ACHIEVEMENT belongs. It is a work of cultural interpretation of high courage.

Envy vs. Achievement

The thesis of Sheaffer's book is that there are two opposing moral codes at work in society. One is the morality of achievement, of work, competence, and accomplishment. The other is the morality of resentment against achievement. When the first predominates, we witness human accomplishments in one area after another. It is responsible for the rise of civilization. When the second predominates however, we witness the rise of spite, envy and hostility to achievement. Social parasitism and appeasement of envy and resentment rise until civilizations go into decline.

Sheaffer analyzes the nature of achievement and the benevolent life-force that makes it possible, contrasting it with the nature of resentment, and the roots of both in childhood. His analysis here is especially acute, and it is unusual to find someone at ease in broad historical generalization who also understands anything about individual psychological development on this level. Take, for example, this profoundly simple yet penetrating explanation of why poor children so seldom find success:

> The fact that children of the lower classes are bombarded with lower-class values every day of their lives suffices to explain why so few of them ever accomplish anything. The powerful resentments within the lower classes, which punish deviation from norms with not only verbal abuse but frequently with physical violence, act as exceedingly powerful deterrents to upward mobility.

Then Sheaffer shifts to the broader picture, and the book moves from one outstanding passage and insight to another. The chapter on social classes analyzes resentment as a manifestation of lower-class values, and exposes the rival consequences of young people coming to imitate, alternately, the values of those who value achievement and those who scorn it. Sheaffer turns on a powerful social X-ray here, and the results are penetrating.

Institutionalized Resentment

The book goes on to analyze the political consequences of appeasing resentment, particuluarly the rise of the welfare state and the ideology of collectivism. Socialism in his hands fares about as well as it did at the hands of Ludwig von Mises and Ayn Rand: their special scorn for it is his, also. His defense of science, technology, and economic growth is flamboyant and uninhibited. And his celebration of human achievement and all the glories it makes possible rivals both the poetry of Nietzsche and the passion of Ayn Rand.

Sometimes Sheaffer's reach exceeds his grasp, and there are passages in this book I found embarrassing, such as his ruminations on American foreign policy or his attack on popular and rock music.

But never mind. I admire this book greatly, and am happy to hail it as a wonderful achievement. Reading it is that rarest of pleasures: an exciting experience that doesn't let up from the first page 'till the last. Bravo!"

—Roy A. Childs, Jr.

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WHAT DO MOMS WANT?

LYNN SCARLETT

The race is on. From California to Capitol Hill politicians are vying for the prize: Who will do the most for our children?

Over 100 bills on child care are now circulating in Congress. George Bush champions a plan that would give $1,000 annual support per child to poor families. But so far the big winner is the $2.5-billion Act for Better Child Care (ABC) bill. Backed by Michael Dukakis and sponsored by over 100 senators and representatives, the bill breezed through Senate committee in early August.

Behind all this lawmaking fervor is the claim that we face a crisis—a day-care crisis. More and more of us moms are working. Who will care for our kids? And how will we pay for their care? Our lawmakers' answer: Uncle Sam must lend a helping hand.

W. C. Fields once opined that someone who hates kids and dogs can't be all bad. But Fields was a loner on the subject. For the most part, everyone is for kids. And that means kid politics is good politics for our politicians.

But what makes for good politics seldom makes for good policy. Behind the do-something day-care brouhaha lie misused facts, poor logic, erroneous assumptions, and even a bit of deceit.

Consider the facts. Crisis mongers note that two-thirds of all children under 18 now have working moms. True, but it is primarily kids under five who need the kind of day care lawmakers are fretting about. A 1987 Census Bureau report shows that less than half these preschoolers have working moms. Only one-third of their moms actually work full-time, and only one-fifth work full-time year round.

Moreover, the growing number of working moms doesn't spell a day-care crisis. Most are already finding care for their kids. One-half of all children with working mothers are cared for by relatives (including dads), often at no cost. Another 25 percent are cared for in the homes of nonrelatives. The rest attend formal day-care facilities.

Demand for day care, formal or informal, is growing, but so is supply by private-sector providers. That supply is meeting demand is evident in parent opinions. A *Fortune* survey reported that more than two-thirds of working moms claim to have little or no trouble finding satisfactory child-care arrangements. And a *USA Today* poll in August showed that only 3 percent of the population views day care as an important problem.

So why the sudden call for federal assistance? The Children's Defense Fund and others on the ABC bill bandwagon acknowledge that parents are finding child care. But, they claim, the task is often not easy. And, they say, government assistance is needed to ensure *affordable*, *quality* care.

Here's where the erroneous assumptions, poor logic, and deceit begin to enter the picture. Day care costs anywhere from nothing to $300 or more per week. Licensed institutional day care costs three to four times more than informal neighborhood care. It is used primarily by families with a fairly healthy median income of over $38,000 per year. They can "afford" it if they make day care a high priority. At the other end of the spectrum, single moms and families with a median income less than $15,000 per year rely heavily on relatives, at no cost, or they use low-cost, often unlicensed, neighborhood centers.

Here's the deceit. The ABC bill would provide scarce tax dollars to assist only those using licensed facilities—that is, middle-class Americans, not the poor. The "affordability" rationale is really a smokescreen for providing subsidies to the young, upwardly mobile. This may be a way to get votes, but let's not pretend that it will help the poor.

Misuse of scarce tax dollars isn't all that's at issue here. Why should the federal government subsidize child care anyway? Having children is a choice we make that carries with it responsibilities that require making further tough choices. In this, child rearing is no different from the many other trade-offs we face when we decide how to use our finite resources.

Too often parents hasten to shell out $15,000 for a new car, yet begrudge the few bucks an hour required for child care. We may have to forgo that new car for a few years while we pay the costs of day care. Or we may have to eke by on a single salary while one parent stays home with the preschool kids.

For single and low-income parents the choices are especially tough. Yet the single, low-income parent is the exception, not the rule. Many of these single parents are divorced moms entitled to some spousal child support, but not receiving it. Policies that enforce parental responsibilities would go a lot farther toward assisting these women than any federal day-care programs.

Deregulation at the state and local level would go a long way toward helping these moms, too. Superfluous regulations now squeeze right out of the market potential neighborhood day-care providers—regulations that require, for example, covered parking for day-care employees, hefty license fees, or separate boy and girl bathrooms with wheelchair access. Such measures have little or nothing to do with the quality of care but a lot to do with its *costs* and *availability*.

Do you suffer from

Tired Libertarianism?

Do you have any of these symptoms?

Are you *tired* of essays that apologize for human liberty, instead of joyously advocating liberty and exploring its possibilities?

Are you *tired* of articles on why free-market garbage collection is better than government-run garbage collection?

When a libertarian publication arrives, do you put it on your coffee table and say, "I'll get around to it, one of these days . . ."?

If you answered "Yes" to any of these questions, you may suffer from *tired libertarianism.*

Hope for the suffering!

Until recently there was no cure for tired libertarianism. The victims of this dread disease had nothing to look forward to but a life of gradually increasing ennui, culminating in intellectual death.

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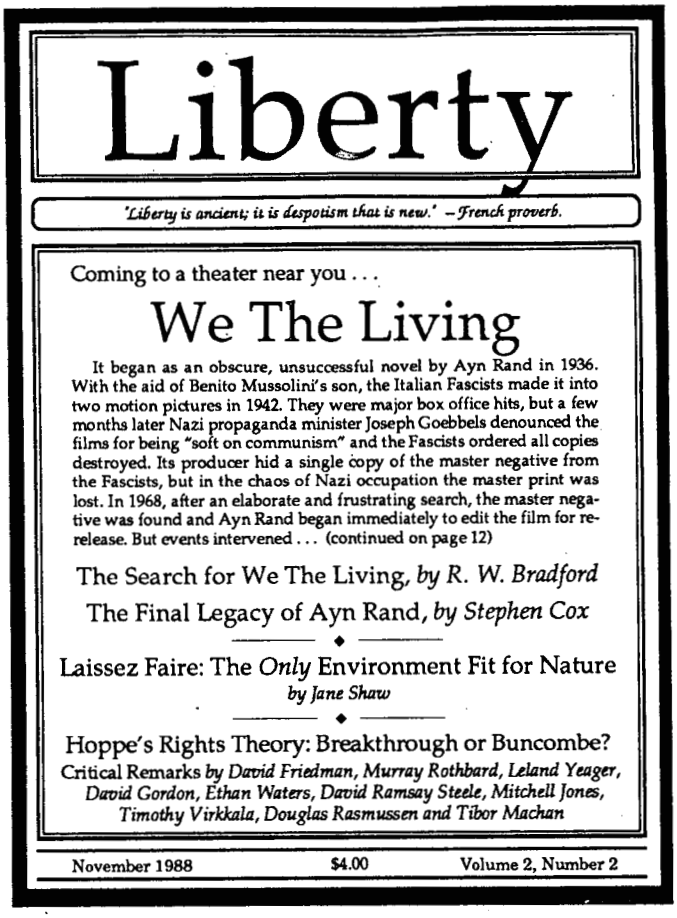

Liberty

'Liberty is ancient; it is despotism that is new.' – French proverb.

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We The Living

It began as an obscure, unsuccessful novel by Ayn Rand in 1936. With the aid of Benito Mussolini's son, the Italian Fascists made it into two motion pictures in 1942. They were major box office hits, but a few months later Nazi propaganda minister Joseph Goebbels denounced the films for being "soft on communism" and the Fascists ordered all copies destroyed. Its producer hid a single copy of the master negative from the Fascists, but in the chaos of Nazi occupation the master print was lost. In 1968, after an elaborate and frustrating search, the master negative was found and Ayn Rand began immediately to edit the film for re-release. But events intervened . . . (continued on page 12)

The Search for We The Living, *by R. W. Bradford*

The Final Legacy of Ayn Rand, *by Stephen Cox*

Laissez Faire: The *Only* Environment Fit for Nature
by Jane Shaw

Hoppe's Rights Theory: Breakthrough or Buncombe?
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Proponents of federal day-care subsidies show little interest in deregulation of in-home neighborhood centers. In-home care, they argue, does not furnish the sort of quality care our children deserve. What we really need, the argument goes, are more school-like day-care institutions run by trained professionals. Heaven forbid having grandmas and neighborhood moms care for our kids!

Appeals for quality care do tug at our heartstrings. Most of us want what's best for our children. But what *is* best for them? A national study concluded that day-care providers in neighborhood homes are actually more attentive to children's emotional needs than are employees in formal institutions. Other key studies have found negative effects on children who have had long-term formal institutional care. Aggressive behavior, lack of self-control, learning disorders, cumulative stress, and poor parental relationships all figured as prominent characteristics of children in organized day-care facilities.

Though inconclusive, these studies hint that what is convenient for some moms may not be good for our kids. Peel away all the talk about quality care, and what one finds underneath is classic interest-group politics. Federal assistance, federal regulations, and federal licensing of day care would pave the way for a new elite of proxy-parent professionals. As they drive out the informal sector, they will drive up their own salaries—and the cost of day care.

Bush's child payment scheme would avoid the creation of this new elite. However, like the Aid to Families with Dependent Children program, it may simply serve as an incentive to have more kids.

All the talk of a day-care crisis obscures one simple fact. Day care, if it's a problem at all, is only a derivative one. Parents resort to day care because they work. They work primarily because they need income. Policies that improve the economy will decrease unemployment, inflation, and interest rates and increase family incomes. Increased family incomes will benefit our children more than any federal day-care program. Parents, not surprisingly, know this. When a *Fortune* survey asked parents what they most wanted to improve their day-care options, they responded: merit bonuses and increased wages.

FDR'S JUVENILE DELINQUENTS

VIRGINIA I. POSTREL

When my father was a teenager, electricity came to the hills of North Georgia, brought by the agents of the Rural Electrification Administration. Within a few years, the vacation cabin he and my grandfather built was about the only place in Habersham County still lit by kerosene lamps.

That was some 40 years ago, when the REA itself was just a teenager. (Born in 1935, the agency wasn't expected to live past the age of 10.) Now in middle age, its mission long ago fulfilled, this child of the New Deal has spawned progeny of its own—the nation's 1,000 customer-owned rural electric cooperatives. And the co-ops, spoiled by the lavish allowances doled out to them at taxpayer expense, have become juvenile delinquents.

Every few years, we can count on the co-ops to get into some scrape. Back in 1983, for instance, the Agriculture Department (of which the REA is a branch) discovered that a number of co-ops were investing subsidized construction loans in such "building projects" as certificates of deposit.

Now 11 co-ops find themselves embroiled in a major tax scandal, involving aggressive use of an esoteric (and now discontinued) tax credit known as safe harbor leasing. Co-ops sold parts of power plants to other companies and leased them back, giving the buyers tax credits and the co-ops big bucks.

It isn't clear the co-ops did anything wrong—the IRS is always out to turn legal tax loopholes into illegal tax dodges. But the real scandal isn't what's illegal, if indeed the co-ops have broken the law. The scandal is what's legal.

Electricity reached every hill and hollow by the mid-1960s, most much earlier. But last year, the co-ops still received $622 million in REA loans, at a maximum interest rate of 5 percent, well below the government's borrowing cost.

This money fuels the co-ops that fuel the golf carts at Hilton Head Island and the condos at Vail. It subsidizes growth in the affluent suburbs of Atlanta, Minneapolis, and Nashville. And, in a roundabout way, it helps finance the National Rural Electric Cooperative Association, one of the most powerful lobbying groups in Washington, with a $43-million annual budget and a PAC that will give candidates $400,000 this election.

The co-ops have thwarted the Reagan administration's every attempt to replace the REA's easy terms with private-sector lending and a 70 percent loan guarantee even Lee Iaccoca could love. Spoiled from birth, the co-ops want more, more, more.

They gripe, for instance, that the REA has given them only the minimum in loans and loan guarantees required by Congress. They want the maximum—$933 million next year in loans, $1.9 billion in guarantees. Defaults, they admit, are a problem. The solution: more subsidies.

All these subsidies are justified, maintains chief co-op lobbyist Bob Bergland, because they lower the co-ops' costs. Yep, that sure is what subsidies do.

And Bergland believes rural residents are especially deserving of handouts. Many services, including electricity, are expensive to provide where people live far apart. So, he argues, the government must underwrite those services.

This argument fails to recognize that people create costs for themselves, *wherever* they choose to live. City residents, for instance, pay many times as much for housing as their country cousins. The government shouldn't take from farmers to lower yuppies' rent, and it shouldn't tax yuppies to lower farmers' electric bills.

The REA has done its job. The co-ops are all grown up. It's time to cut their allowances and make them get a real job.

WHY VOTE?

CRAIG M. COLLINS

You will not be able to choose the next president of the United States. Your single vote will not make any difference. There will likely be about 100 million votes cast in this election. While

it's *possible* that the result will be a 50 million to 50 million tie until you show up at the voting booth, I will (if you call me here at the magazine) bet everything I own that it won't happen. Not unless Frank Capra becomes God and orchestrates the election in the same fashion as his populist movies.

Simply because your vote is impotent, however, does not mean necessarily that you should stay home on election day. A single person's cheering at a football game won't affect the result, but people nonetheless take pleasure from expressing their support. Voting is your way of cheering for your party, and for the institution of republican democracy.

Voting is also a test of moral integrity that some people fail miserably. One reason it is difficult for third-party candidates to succeed is the tendency for people to think a vote for such candidates is "wasted." Even though they prefer some third-party ideology, some people aren't willing to "throw their vote away." They know Ron Paul can't win, for example, so they vote for Bush because he's better than Dukakis (or vice versa). This is illogical, since it's based on the false premise that they can make a difference in the election; but even worse, it's sleazy. People who vote this way sacrifice their principles and honor for the billion-to-one chance of being rewarded (that is, influencing the election). Not even the most corrupt Pentagon bribe-taker would compromise his integrity on such cheap odds.

If you like a third-party candidate in this election, vote your principles. And if you don't like anybody who's running, pick a third-party candidate at random—as a vote to break the two-party monopoly on political power. Most states have petition requirements and other ballot restrictions that help preserve that monopoly, but in large part the voting public is to blame for making Michael Dukakis and George Bush the two likeliest alternatives for president.

There's a joke about two guys walking across the tundra when suddenly they are charged by a polar bear. One guy starts to put on his snowshoes, and the other says, "What are you doing? You'll never outrun that bear." The first guy replies, "I don't have to. I just have to outrun you." Dukakis can alienate gay voters on the foster-parenting issue, for example, because he knows that they will vote for him nonetheless. He need only be better than Bush. Bush can scare conservatives with his new-found environmentalism, as long as his plans are less onerous than Dukakis's. Only when more candidates are competing for votes will voters have real choice. Remember the days of telephone monopoly? If you wanted a phone, you were offered only one color and one style. We have the same problem with presidents.

BY THE WAY...

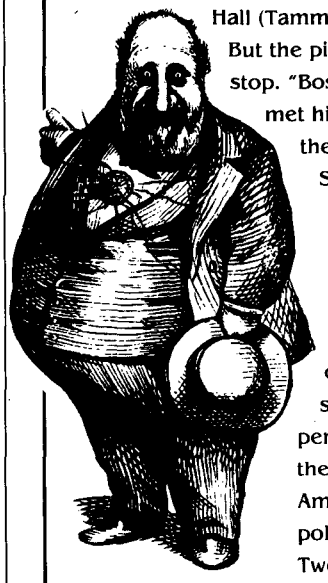
■ Q: Why did this summer's trade bill weigh in at 1,128 pages? It's hardly a riddle. Consider the bill's provisions just in the area of R&D. The National Bureau of Standards gets a new name—the National Institute of Standards of Technology—and a spiffed-up job description: to establish "regional technology-transfer centers," coordinate a nationwide "technology-extension service," and encourage corporate consortia to come up with new technology. The bill also puts into play a National Commission on Superconductivity and orders it to find ways the government can have a hand in applying superconductor research. Then there are new government-private "partnership programs" to beef up science and math education; $10 million a year for college science equipment; etc., etc. And that's just the R&D part.

■ Congratulations to REASON associates James Taranto, John Hood, and Philip S. Smith, winners of Felix Morley Prizes, awarded by the Institute for Humane Studies to young writers for "proven writing ability, potential for development, and demonstrated interest in the classical liberal tradition." James, our intern during the 1987-88 academic year, most recently contributed "Breaking Mr. Maynard" (June); Phil's article "The Soldiers' Story" appeared in the August-September issue; and John, our summer intern, wrote the On Campus column that begins on page 44 of this issue.

■ And, in the Drug War Watch, Rep. Arthur Ravenel (R-S.C.) wins this month's prize for most outrageous statement: "I think those drug planes should be shot down and I think the ships bringing the drugs in should be sunk and any survivors machine-gunned in the water."

"STOP THEM DAMN PICTURES"

That's what "Boss" Tweed demanded when he saw the handwriting on the Hall (Tammany, that is). But the pictures didn't stop. "Boss" Tweed met his maker in the Ludlow Street Jail and Thomas Nast put bitingly eloquent political cartoons squarely and permanently in the middle of American political life. Tweed aside, we think Emerson had it right when he said, ***"Caricatures are often the truest history of the times."***



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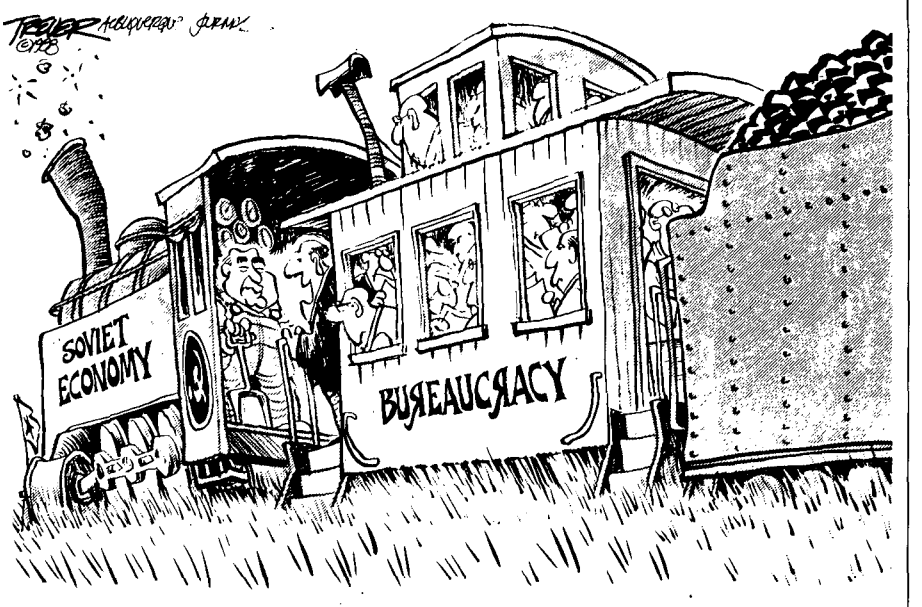
BRICKBATS

"We declare that the film contains no obscene or immoral matter, nor any matter advocating or urging treason or insurrection against the United States." This excerpt comes from an "Anti-Pornographic Certification," which the U.S. requires of videotapes entering this country. This particular certification was stamped on a tape of the operetta "The Merry Widow," performed by those bomb-throwing Bolsheviks whose *nom de guerre* is The National Ballet of Canada.

An unknown Kansas City, Kansas, patrolman proved his exceptional ability to keep a cool head in a crisis. He made a woman in labor wait for 20 minutes while he wrote out a parking ticket on the car that her husband borrowed to take her to the hospital. The officer ignored the man's pleas for permission to take his wife to a hospital, where she gave birth to twins less than three hours later. "I ran out to tell him that my wife's labor pains were four minutes apart," said the parking scofflaw. "He called me an idiot and told me to shut up." Police brass have promised to give the officer an appropriate reward for his conduct, but say his name is not legible on the ticket.

After a year of litigation and thousands of dollars in legal fees, a dispute over one penny was finally ended when a New Jersey appeals court reversed a conviction against a t-shirt salesman who ran out of change. Norman Balassiano was running a beachfront t-shirt stand in Wildwood, New Jersey. While he was out of the store getting some nickels and pennies for the cash register, a customer bought a $9.99 shirt with a $20 bill and got back only $10 in change. The aggrieved customer found a city inspector who issued a summons for theft by deception. Balassiano returned with the change and attempted to give the idiot customer his penny, but the inspector (who as far as we know does not have a relative who is a Kansas City patrolman) refused this simple solution. A municipal court judge fined Balassiano $150. A year later, this nonsense reached a New Jersey appeals court, which overturned the conviction for being too trivial to stand.



"RESTRUCTURE? WHY, CERTAINLY, COMRADE GORBACHEV! WE SHALL REDESIGN THE COAL TRANSFER FACILITATION FORMS IMMEDIATELY!"

The tax code may be too complicated even for the IRS. A General Accounting Office study found that nearly half the letters sent by the IRS to taxpayers during a two-month period contained incorrect or unclear information. By telephone, the IRS got it wrong only one out of three times. IRS Commissioner Lawrence Gibbs offered a two-part solution to this problem: Stop changing the tax laws so much, and give us a big dose of the Washington cure-all—money—so we can try to hire enough people to do it right.

Playing hooky from work to go golfing with your buddies can be a form of sick leave, says a California educational employment panel. Public school teacher Ethel Williams was feeling job-related stress. So she claimed that on doctor's orders she took a day off for a golf outing and asked for sick pay. The school district sought to have her suspended for 10 days for unprofessional conduct. The Commission on Professional Competence found in Ethel's favor. Public employers in California now fear an epidemic of "job-stress" next time the Dodgers make it to the World Series.

Pet groomers in California will brush a dog's teeth for about $5.00, but they say there's a veterinarian-backed conspiracy to drive them out of the dog-tooth-cleaning business. The vets, who get about $100 per mutt, say that allowing groomers to clean dogs' teeth is like letting hairdressers perform surgery. State officials actually sent a dog to a groomer for a teeth brushing. When the teeth were brushed, they issued a summons. A Superior Court judge threw out the charge and found no wrongdoing. The *Wall Street Journal* has suggested a solution in a headline: "Wouldn't It Be Easier to Train Them to Brush Their Own Teeth?"

—Mark Edward Crane

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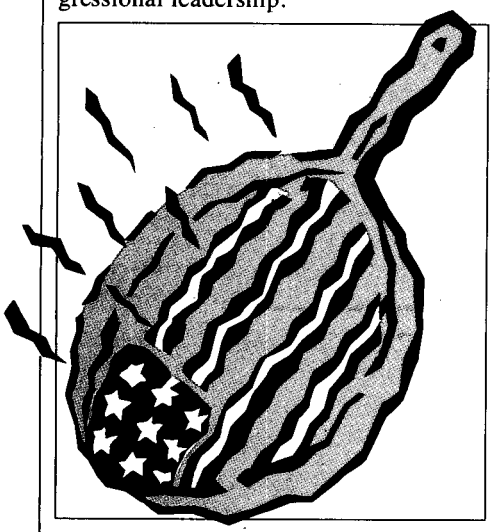
Bases on the Butcher Block

There's a new, pungent odor wafting through the halls of Congress these days: the unfamiliar aroma of frying pork. After 11 years of political hemming and hawing, it looks like Congress is going to start closing obsolete military bases—in spite of bitter opposition from the congressional leadership.



The head chef for these festivities is Rep. Richard Armey (R-Tex.), a former economics professor. He cooked up a way to avoid the politics and environmental red tape that invariably surround the issue.

A bipartisan panel of experts, appointed by the Defense Secretary, will decide which of the 400 unneeded bases (out of 3,800 total installations) around the country should close. The president will then have an all-or-nothing choice of whether to go along with the list. If he approves, the bases close—unless Congress votes to cancel the entire project.

In this way, Armey's legislation insulates base closings from Washington's natural tendencies. Since all the bases are packaged together, a member of Congress can't persuade others to help save one base without necessarily saving all of them. Voting to save one base wouldn't put the heat on a member. But saving all of them would anger waste-conscious constituents.

In addition, the bill exempts base closings from environmental impact rules—stripping pork barrellers of their most potent delaying tactic, the perpetual study.

How could such a sensible approach work its way through Congress in the first place? "We had such incredibly good support from the press," Armey told *Insight* magazine. After placing guest editorials and speaking with editors, Armey persuaded most major papers to endorse the plan.

This media groundswell afforded newer members of Congress the opportunity to stick it to their senior colleagues, who viewed Armey's plan as a threat to committee discretion and power. The final House vote was 223 to 186, with Democrats joining Republicans to reject a watered-down version of the plan devised by the House leadership. (The Senate had previously approved the bill.)

Armey's efforts demonstrate how smart legislation and media finesse can shave fat from the federal budget. The pan's still hot. Will America ask for seconds?

—John Hood

"Nobody has told us what to do, so we decided just to let people stay."

—Vyacheslav Nikishin, Moscow police officer, on a demonstration near Pushkin Square

A New Budget Solution

Republicans, who say they want to reduce spending, have long argued with Democrats, who say they must raise taxes, about which of these two politically unpleasant alternatives should be used to reduce the deficit. But those are *not* the only two choices.

The government could raise some $300 billion—compared to a 1987 federal budget deficit of around $175 billion—by selling off selected assets and enterprises, concludes the recently issued report of the Privatization Task Force, coordinated by the Reason Foundation. In addition to providing an overview of privatization, the report includes chapters on 10 specific federal programs or assets that could be turned over to the private sector.

The asset sales would not simply provide a short-term remedy. They would reduce budget problems long into the future by reducing interest costs on the federal debt, eliminating future taxpayer subsidies, and creating taxable private businesses.

Asset/Program	Sale Value (billions)
Federal lands	$160.0
Federal loan portfolio	95.0
Power marketing administrations	13.9
TVA	12.3
Postal Service	11.0
Airwaves	8.6
Naval Petroleum Reserves	3.6 to 4.3
Dulles & National Airports	2.5 to 3.0
Air traffic control system	0 to 2.0
Amtrak	1.0
Total	$307.9 to $311.1

WHY YOU PROBABLY WILL LOSE EVERYTHING IN THE COMING DEPRESSION

Of course, you *could* be the exception. Even in the Great Depression a handful of people actually made fortunes—the ones who heeded the advice of economic realists like Bernard Baruch, famed "Wizard of Wall Street."

Baruch tried to warn the public of the coming economic disaster, but most ignored him. As a result, most of the population failed to escape the ravages of the Great Depression.

Throughout the centuries, a three-step scenario has unfolded:

First, the public is assured that some imminent cataclysmic event "could never happen here" or "could never happen today."

Second, the masses regurgitate these assurances, and anyone who calls attention to obvious realities is simply dismissed as a "doomsayer."

Third, the cataclysmic event *comes to pass!*

This scenario was clearly followed in ancient Rome, in pre-Napoleonic France, in Russia prior to the Bolshevik Revolution, in Germany under Hitler's early rule, and in the U. S. in the 1920s.

Now, bureaucrats and establishment economists are again almost frantic in their efforts to assure us that there is no reason for concern. History tells us this is a bad sign; the third step is practically upon us!

In every age "experts" have insisted, right up to the final collapse, that "it could never happen today," and those who claim otherwise are irresponsible "prophets of doom."

The "prophets of doom," of course, are usually the *true* prophets. Unfortunately, these are the ones most people rarely hear about.

Today there is a growing feeling among those prophets that James Dale Davidson is perhaps the brightest new economic mind to enter their ranks in years. Like the late Bernard Baruch, Davidson is endowed with a prodigious talent for forecasting economic events.

Davidson's first book, *The Squeeze,* won praise from Frederick A. von Hayek, Nobel Prizewinner in Economics, as "one of the really significant contributions to its field."

Now, Davidson has written a prophetic—and frightening—new book, ***Blood in the Streets,*** with his friend and colleague Sir William Rees-Mogg, former editor of *The Times* of London. Lee Euler, publisher of *Predictions,* says of ***Blood in the Streets*** that "a hundred years from now, Davidson and Rees-Mogg may well be remembered as the great prophets of our time."

How has Davidson earned this awesome reputation at so young an age? It is due not only to his genius, but to his unusual approach to domestic economic analysis—through firsthand experience on the *international scene.* His worldwide travels and contacts allow him to analyze the U.S. economy from a truly unique perspective.

And what does that perspective reveal? In *Blood in the Streets,* Davidson offers virtually irrefutable evidence that the U.S. will soon enter a depression far greater than that of the 1930s—probably by 1990 *at the latest.*

If Davidson is correct, then prudent, thrifty Americans who have prepared for the future in traditional ways will be completely wiped out. He warns that "many people never plan properly for the future, because they're afraid they'll discover they have built their hopes and dreams on foundations of quicksand."

Don't make the mistake of being caught unprepared because those who "ought to know" keep insisting that "it could never happen today."

A Second Chance to Heed the Warnings of Bernard Baruch

Those who ignored Bernard Baruch lived to regret it. Now investors of the '80s can heed James Dale Davidson, who is rapidly emerging as "the new Bernard Baruch."

In *Blood in the Streets,* Davidson provides specific advice on how to prepare for the coming economic collapse, advice which he says will actually produce *profits* for the prudent investor. In this book he makes practical use of his talent by examining:

The World Economy at the Brink
- The declining power of the U.S. will lead to financial upheaval.
- The plunging U.S. dollar *exactly parallels* the Smoot-Hawley trade bill that preceded the Crash of '29.

Stocks
- The major reasons why the stock market is *still* due to fall up to another thousand points!
- 2 factors that could cause the stock market to experience a phenomenal, *temporary* rise before plunging again.

Gold
- Why gold is your insurance against inflation *and* deflation.
- The shocks to the system that will increase demand for gold.

Banks
- Leaving large amounts of money in a bank, *regardless* of its size, is like playing Russian roulette.
- Why the failure of even *one* major bank can bring the whole rotten system tumbling down.
- The banking crisis that took years to develop in the last Depression could happen overnight this time.

Credit
- It is now all but impossible for the U.S. to avoid a complete credit collapse.

Currencies
- The advantages of holding certain foreign currencies.
- Why you should keep substantial funds in Switzerland, Germany, Austria, other selected countries.

Inflation
- Inflation is no longer the main danger. Your investment adviser may be "fighting the last war."

Real Estate
- Renting is better than owning.
- Million dollar homes for $50,000? Why real estate prices may eventually nosedive.

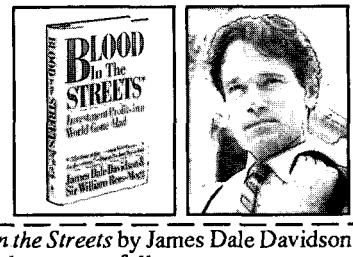
Speculative Opportunities
- Why Finland will be the Hong Kong of Russia, and which are the three hottest stocks in Helsinki for long term growth.

High Technology
- Fiber optics will doom every copper mine in the United States.
- Genetic engineering and computer science will create super machines smarter than humans.

...and much, *much* more.

Do the following events seem "impossible" to you?

Then remember that *Blood in the Streets* was published nearly six months before the Crash. You can profit from its incredible insights ...it's not too late to avoid:
- Strict controls on wages, prices and profits, with jail sentences for those who do not comply.
- Restrictions on travel abroad, severe limitations on your rights to take money out of the country.
- Massive bankruptcy of corporations, and governments.
- Chaos and riots in cities *and* suburbs, plummeting real estate values, the remnants of the middle class fleeing to rural areas.
- Painful shortages resulting in rationing, black markets, searches, seizures, and confiscation.



If you don't believe these events will occur, or don't know how to protect yourself when they do, you need to read *Blood in the Streets.*

"There's a Rothschild principle from which the title of this book is taken: 'The best time to buy is when blood is running in the streets.' It is a principle that is true today. The greatest profits can always be had by buying when prices are most depressed by pessimism. 'Blood in the streets,' however, is more than just the name for an investment principle. It is also a prediction about the world to come...

"The coming years will be a bad time to be ill-advised. A time fraught with snares for anyone who is unprepared. We could be on the verge of financial upheaval when blood will, indeed, 'run in the streets.' Many people will suffer staggering losses. Others, who take the right investment steps, at the right time, will earn handsome profits."

—James Dale Davidson with Sir William Rees-Mogg

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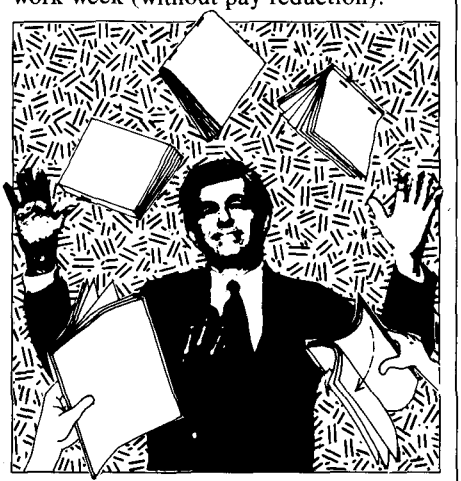
Leftie Super Groups Duke It Out

It's winter 1988. You're president-elect Michael Dukakis, moving on up to the West Wing with high hopes and an eager staff ready to conquer the world—or at least the Beltway. But there are so many causes, so little time. What are you to do?

Never fear, say the bounding think tank heroes of the left: the progressives are here!

Just as the Heritage Foundation did eight years ago with its 3,000-page *Mandate for Leadership*, numerous leftist policy groups want to shape the formative months of the next administration—preferably a Democratic one—with a suggested agenda of their own. Each wishes an exclusive audience with the Duke. But getting it requires muscling past an equally inventive group of suitors.

One way to seize attention is by speed. The hard-left Institute for Policy Studies flashed by the others to release *Winning America: Ideas and Leadership for the 1990s*, all 422 progressive pages of it, at the Democratic National Convention. A unified, systematic leftist agenda, *Winning America* features 38 essays pushing such notions as a massive tax hike on higher-income Americans, federally funded health and child care, a $50-billion defense cut, and the right to a 30-hour work week (without pay reduction).

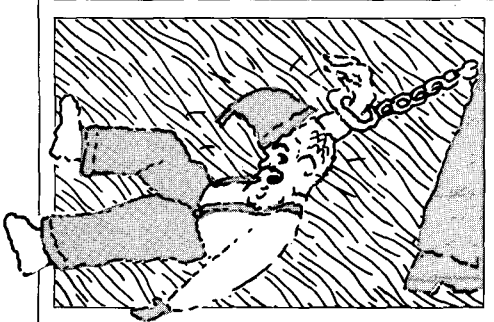


Challenging IPS in the speed round are the liberal "supply-siders" of the Economic Policy Institute. EPI argues that a new administration should worry more about competitiveness than budget deficits and advocates an aggressive agenda of government tinkering in the name of growth: job training and other "national investments," new taxes on securities, "progressive partnerships" between business, labor, and government—oh, and, incidentally, an income tax "surcharge" on the richest 20 percent of taxpayers. A union-backed think tank counting the likes of MIT's Lester Thurow and Harvard's Robert Reich among its founding scholars, EPI kicked off its campaign for influence with a summer conference called "The First 100 Days."

If variety is a strength, then former New York senatorial candidate Mark Green's Democracy Project hulks over its rivals with *Blueprints for America: Transition '89*. The as-yet unpublished how-to guide for transforming government agencies into progressive playpens features a diverse contributor list—ranging from arms controllers to arms freezers, from social programmers to socialists. Other smorgasbord setups include the Center for National Policy's "governance project," due out in early 1989, and the raging moderates of American Agenda, who want influence regardless of which party wins.

In spite of their efforts, however, champions of the American left may find Heritage's 1980 agenda-setting hard to duplicate. After all, many of its ideas—including supply-side economics and SDI—were really new. Old leftist ideas costumed in new progressive finery may thrill true believers, but the Duke's pragmacrats, presumably all grown up now, may not be so easily captivated.

—John Hood



Dopey, Sneezy, Happy, and Solidarity

The *Orange Alternative* began in 1981, before martial law was declared in Poland, as a newsletter promoting a new artistic movement—socialist surrealism, which captures the feeling of detachment from reality experienced by many people under Communist rule. Its publishers, led by Waldemar Frydrych, a historian from the University of Wroclaw, have persistently brought their political message directly to the public, in the streets.

The people from the *Orange Alternative* began their surrealist protest during the first year of martial law, by putting pictures of characters from fairy tales—dwarfs in particular—on the walls of buildings. Then, on June 1, 1987, young people dressed as dwarfs appeared in the streets, walking around and giving candy to children. June 1 is celebrated in Poland as children's holiday, so the situation did not look too serious. However, the dwarfs had names—of such outlawed organizations as Solidarity, or Peace and Freedom. They were beaten, rounded up, and arrested. As this was the first time fairy tales characters had been arrested in Poland, the situation was a bit surreal.

Then in November, the *Orange Alternative* took to the streets to celebrate the anniversary of the Bolshevik revolution. People carried paper copies of the warships *Potemkin* and *Aurora*, known for their crews' participation in the revolution. The police destroyed the warships and arrested the demonstrators.

In December, a group of Santas took to the streets, only to be arrested again. By that time, the demonstrators were rather popular among onlookers, who asked the police if Winnie the Pooh would be taken away as well.

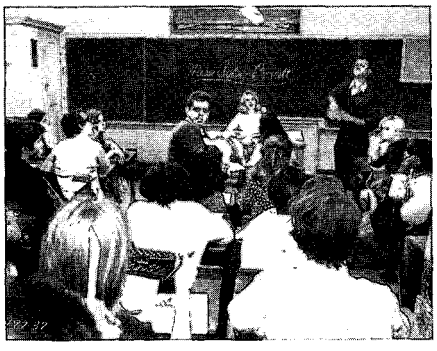
In March, Frydrych was sentenced to two months in prison for disturbing the peace. Subsequently, on March 21, the fairy tale characters took to the streets again, this time stating a demand for Spring (and that definitely was an appropriate time to ask for it) and for freedom for Frydrych. This time over 150 of the demonstrators were arrested.

What is quite unusual about the *Orange Alternative* is their attitude, so different from that of both the arrogant government and the pompous opposition organized around the Solidarity movement. These young people have retained enough of a sense of humor to parody the dishonesty and lies given to them almost every day by the system in which they live.

—Krzysztof M. Ostaszewski

Sizing Up Smaller Classes

Perhaps education reform is reforming. The education establishment's old fixation with reducing teacher-student ratios to "improve learning" is facing a tough challenge—from studies that simply don't bear it out.



Teachers may find smaller classes more comfortable to work with. But critics charge that the *educational* benefits gained from shrinking class size are too small to justify its exorbitant cost.

First the history lesson. Richard Vedder, an Ohio University economics professor and local school board member, points out that there were more than 29 students per teacher in 1940. Today there are fewer than 18. Yet during this significant drop in the ratio, test scores and other academic measurements have plummeted.

Now turn to economics. A recent Education Department study found that reducing classes to 15 students—the National Education Association's "optimal size"—would cost over $69 billion and require a million new teachers. And even then, the study shows, there would be at best only marginal learning gains.

At least some school officials, at all levels of government, are now doing their homework, putting education dollars to more productive use. And trade-conscious policymakers may yet again look to Japan for guidance. There, students sit 40 to a class, twice the U.S. average, but outperform Americans in almost every subject. *—John Hood*

Hope for the Homeless?

Rent control has been an experiment in econo-planning that proves what most economists already agreed upon—price controls cause shortages. Finally, people are beginning to make the connection between rent control and the crisis-of-the-day, the "homeless" problem. And a few farsighted politicos are actually doing something to stop rent control's destructive spread.

The most prominent advocate of the rent-control-causes-homelessness thesis is REASON Contributing Editor William Tucker, a New York writer. He looked at data for 50 major American cities and, as he reported in *National Review*, found that the nine rent-controlled cities had the lowest rental vacancy rates. Holding other things constant, a one percentage point decline in the vacancy rate was roughly associated with a 10 percent increase in homelessness. With rent control, build-

"(Ayn Rand) was one of the great benefactors of the Modern World."
—George Gilder

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BALANCE SHEET

Assets

Mirabile Dictu. That Gramm-Rudman thing is actually working. Congress keeps spending but makes a few tradeoffs. The threat of autocuts may save a billion or so in drought relief. The big savings come on whole programs. First to go: UDAGs, the seemingly immortal porkbarrel grants responsible for many a Hyatt hotel. It was them or the space station, and the space station won.

Jesse Jackson

Underclass Spirit. Jesse Jackson is right. The underclass isn't irredeemable and shouldn't be written off. Millions of poor Americans live dignified lives under horrible conditions. It's Jackson's rhetoric of hope and responsibility—not his class warfare nonsense—that moves his audiences to tears. That response, in and of itself, is reason for hope.

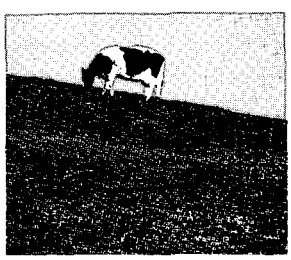
Peer Pressure. The last holdout against the supply-side revolution, West Germany, may have to give in. The economy is stagnant, with growth stuck at 2 percent a year and unemployment unyielding at 8 percent. Supply-siders and government economists meet to talk tax rates. European unification in 1992 promises more pressure. West German trade unions are already jumpy. With no trade or immigration barriers and least-common-denominator product regulation throughout the EEC, the German rage for order will be undone by competition.

King's Gambit. For the moment Hussein's "put up or shut up" challenge to the PLO looks like an asset. Progress in the Middle East comes only through bold strokes by people on the scene—not the U.S. State Department. (Granted, sometimes those bold strokes are wars.) Now Arafat & Co. will either learn to govern, moderating in the process, or flop and put an end to the assumption that they're the real Palestine. At any rate, the West Bank can probably do with fewer bureaucrats.

Liabilities

Make Work. The impulse to find work for government hasn't changed. With nothing but peace and prosperity to run on, Bush gropes for something to buy votes with and settles on child care. Congress busies itself with such threats to the nation as film colorization and dial-a-porn. I think it's time to turn off the air conditioning.

Boxed In. In 1986, there were more than a million interracial marriages in the United States, up from 375,000 in 1970. All this mixing makes it hard for folks to fill out government forms—you know, check the box that matches your race. So the Census Bureau, in an unholy blend of apartheid and *Absalom, Absalom!*, considers a "coloured" category. (No, they won't call it that.) Better to ban the boxes.



Dole Weevil. Five million people, about 2 percent of the country, live on farms—the lowest number since 1850 (as in: 11 years before the Civil War). They expect a lot from the rest of us. When crops are good, they get price supports. When crops are bad, they get bailouts.

Eco-Hysteria. It's back, bigger and badder than ever. We're not just running out of gas this time. The seas will boil. The sky will burn. AIDS-filled needles will wash up on shore and kill us all. This is not politics, it's not economics, it's fire-and-brimstone, apocalyptic *religion.*

—Virginia I. Postrel

ers refuse to build, tenants who can afford to move to better places stay put to preserve their great rents, and the resulting shortages make it profitable to convert low-income housing to condos.

At least a few savvy politicians are learning that, like ideas, stupid laws have consequences. In the past two years, 5 states have passed laws prohibiting rent control (bringing the total number of such states to 15). In California, strong rent control statutes are entrenched in several communities, including San Francisco, Berkeley, Los Angeles, and Santa Monica (the home of this esteemed publication but not the home of any of its employees, since no one could find a vacancy). But state Sen. John Seymour recently introduced a bill to withhold $63 million in state housing subsidies from cities that have enacted rent control statutes.

"If you want no growth, if you want rent control, if you want five-acre estate homes only, go ahead and do that," said Seymour. "But don't come to the state and ask us to resolve your low-income housing problem, your affordable housing problem, when in fact you were the ones who drove out of your city that affordable housing and low-income housing." The bill was defeated, but Seymour vows to try again next year.

—Craig M. Collins

For Your Information

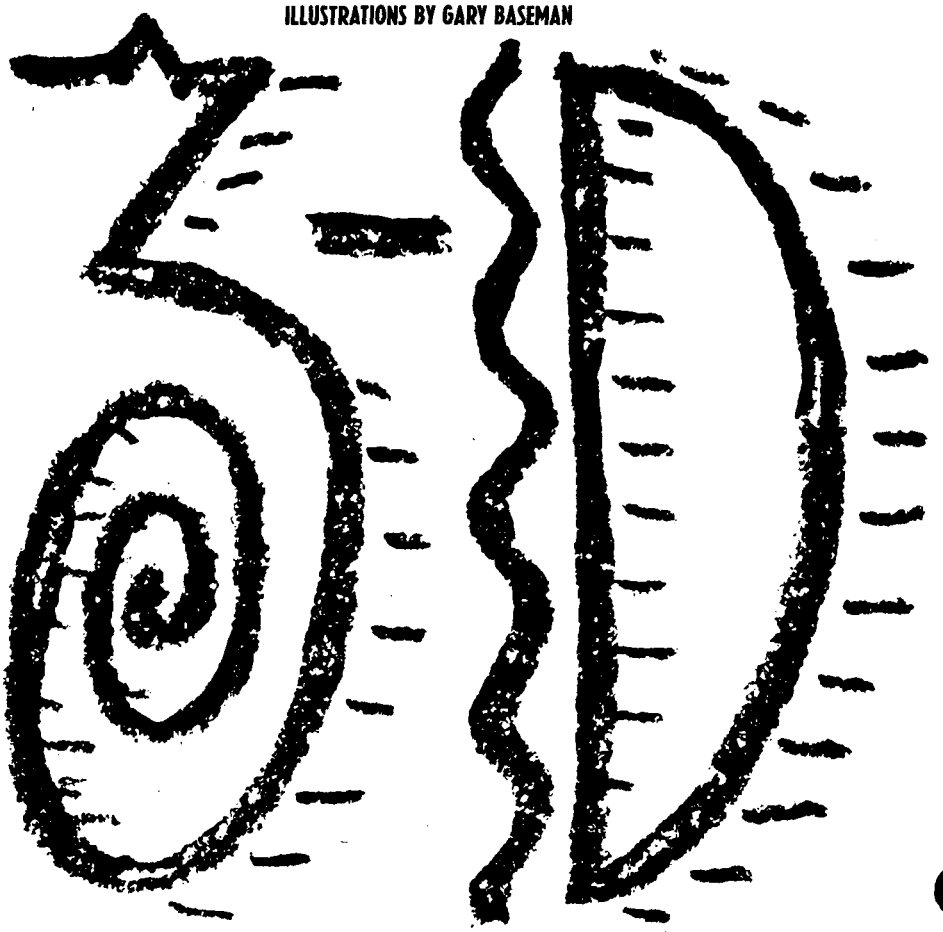
Groups or individuals mentioned in this month's Trends:

■ **Budget Cutting**
Privatization Task Force
The Reason Foundation
2716 Ocean Park Blvd., Suite 1062
Santa Monica, CA 90405
(213) 392-0443

■ **Class Size**
Richard Vedder
Department of Economics
Ohio University
Athens, OH 45701
(614) 593-2037

Tommy M. Tomlinson
Department of Education
Education Research & Improvement
1200 19th Street, NW
Washington, DC 20208
(202) 357-6183

ILLUSTRATIONS BY GARY BASEMAN



LIVING

To be attached to the subdivision, to love the little platoon we belong to in society, is the first principle (the germ as it were) of public affections. It is the first link in the series by which we proceed towards a love to our country, and to mankind.

—Edmund Burke

I have a favorite delicatessen up the street. The prices sometimes aren't the best I could find, but I like the place for many little reasons. I can joke with the people behind the counter. They recognize my children when they come in. They let me buy a sandwich on credit when I have forgotten my wallet. And the food's pretty good. If once in a while my expectations are not met, I do not immediately start considering other options. If they were consistently not met, then sooner or later I would drift off. Technically, what I am doing could be construed and analyzed as a series of market decisions about where to shop. But in reality, the formation and sustenance of my affiliation with the delicatessen is much

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How are we to construct a society so that anyone, no matter what his gifts, can reach the age of 70, look back on his life, and be able to say it has been a happy life, filled with deep and justified satisfactions?

by CHARLES MURRAY

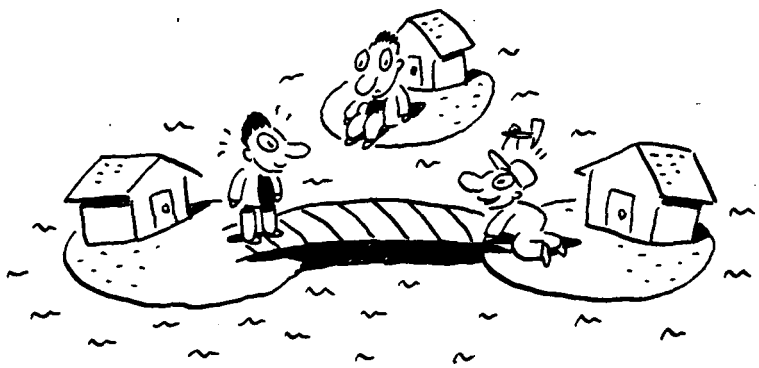
closer in its characteristics to the way that friendships form and are sustained.

The affiliation involving the delicatessen is one of many that constitute my larger affiliation with a neighborhood, which in turn is one component of the affiliations that constitute my still larger affiliation with a community. We each belong to a few such "little platoons." The great joys and sorrows, satisfactions and preoccupations, of our daily life are defined in terms of them. In a properly constructed society, people must have access to material resources, safety, self-respect, and intrinsic rewards. But the little platoons of work, family, and community are the nexus within which these conditions are worked out and through which the satisfactions that happiness represents are obtained. That being the case, "good" social policy can be defined only after we have answered the questions: How do little platoons form? How are they sustained? What makes them nourishing?

TRIVIAL AS IT IS IN ITself, my affiliation with the deli serves to illustrate a feature of affiliations that has tended to be lost in often-romanticized rhetoric about people "relating" to other people. People affiliate with other people because of something about them—in this case, the qualities of being friendly, helpful, and amusing.

It may seem a distinction too obvious to mention, but it is essential to understanding why little platoons are rewarding or unrewarding, why they sustain themselves or fall apart: *Affiliation is a means whereby people of common values are enabled to live by those values.* "Values" in this case means your views about how the world works or ought to work, ranging from religion to childrearing to politics to table manners to standards of public civility.

The reason why affiliation is so intimately linked to values is that, to have much use—or, in fact, to be truly held—values must be acted on. This can seldom happen in isolation. Unless most of your neighbors believe in calling the police when something suspicious is happening, you are not going to be able to practice community crime control. Unless most of your neighbors also believe that stealing is wrong and that sex for 14-year-olds is bad, you are going to have a tough time making your norms stick with your own children. If you conduct your business on the assumption that one's word is one's bond, you're going to go broke unless the other businessmen you deal with operate by the same principle. In other words, to live according to many of your most important beliefs, it is essential that you be free to affiliate with fellow believers and that, together, you enjoy some control over that environment.



Acting on your values can seldom happen in isolation. Unless most of your neighbors believe in calling the police when something suspicious is happening, you are not going to be able to practice community crime control.

In the everyday world, some affiliations work much better than others. Some marriages are much richer affiliations than others, some neighborhoods are much more closely knit than others, and so on. Even a commonality of beliefs is obviously not enough—some local churches are much more vital than others. The question therefore becomes not only how affiliation occurs, but how it becomes infused with satisfying content.

Consider that the satisfaction one takes from any activity is a complicated product of the degree of effort one puts into it, the degree of responsibility one has for the outcome, and the function it serves. The importance of effort is perhaps self-evident—try to think of something from which you take great satisfaction (not just momentary pleasure) that involved no effort on your part. To achieve satisfaction, there must also be an element of "It was because of me!" in the accomplishment; effort alone is not enough. Finally, the degree of satisfaction depends on the function being served: generally speaking, spending a great deal of effort and assuming great responsibility on a trivial function is not as satisfying as spending the same amount of effort and assuming equally great responsibility on a profound function.

The same conditions that shape individual satisfactions apply to the satisfactions gained from affiliations. The affiliations that make up a community are much different if they are formed by dinner parties and encounters at the supermarket than if they are formed by barn raisings and fighting off the locusts. Or to put it in terms of the little platoons through which we work out the pursuit of happiness: to exist and to be vital, little platoons must have something to do.

LET ME NOW BEGIN TO put these considerations alongside the problem of making good social policy. The proposition is that the importance of affiliation—of *rich* affiliations, imbued with responsibility and effort, used as a way of living according to one's beliefs—transcends discrete social goods. Much of what we observe as rootlessness, emptiness, and plain unhappiness in contemporary life may ultimately be traced to the many ways, occasionally blatant, more often indirect and subtle, in which social policy has excised the option of taking responsibility, the need to make an effort, or both—the ways in which social policy has, in a phrase, taken the trouble out of things.

"Taking the trouble out of things" is the theme song of modernity. The very process of technological progress may be seen as an unending attempt to do so. Certainly "taking the trouble out of things" has driven the consumer economy. Such changes are, by and large, welcome. People naturally try to make life better, and "better" not unnaturally has tended to be identified with "easier."

Most changes in social policy over the last half century may be viewed as having served the same function. Social Se-

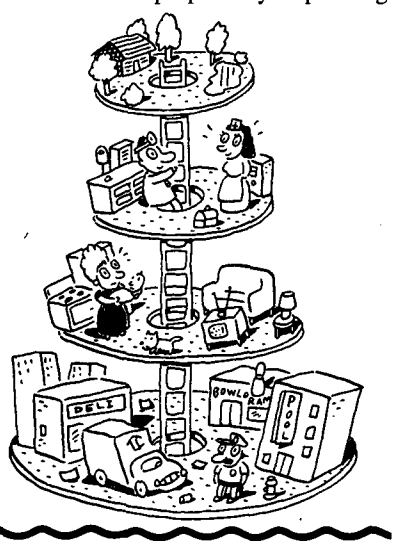
curity took some of the trouble out of preparing for retirement. Unemployment insurance took some of the trouble out of being unemployed. Aid to Families with Dependent Children (AFDC) took some of the trouble out of having a baby without a father. Alterations in the bankruptcy laws took some of the trouble out of failing at business. In every instance in which "taking the trouble out of things" works, however, there is a corresponding diminution in the potential satisfaction that might be obtained from the activity that has been affected. To be employed is not quite as satisfying if being unemployed doesn't cause hardship. To be a businessman who scrupulously pays his bills is not quite as satisfying if not-paying-bills is made less painful.

Of course, for any given reform, some enrichment of satisfactions occurred further down the line. The United States has always avoided truly Draconian penalties for bankruptcy, to enable people to make a fresh start—certainly a plus in enabling people to pursue happiness. Social Security makes it possible for large numbers of people who otherwise would be destitute to have enough material resources to pursue happiness in their old age. The actual net of each trade-off has to be calculated on its merits.

The problem is not deciding whether good social policy ever means taking the trouble out of things, but rather finding where to stop. Almost everyone thinks it is good that the police take the trouble out of catching burglars. A large majority of Americans seem to be content with the more extensive transfer of burdens that has occurred, and the psychological reason is no more complicated than the reason why any of us, given a choice, will often take the easy way out even when we know that we will derive more satisfaction from the more troublesome choice. It is the all-too-familiar problem of knowing that one "will have enjoyed" doing something (reading a fine novel) but lacking the will to get started on it (therefore picking up a magazine instead). This is not reprehensible, but it does raise two important points.

The first is that the process cannot ultimately be a healthy one. Taking the trouble out of things must eventually go too far. Somehow the mixture of things with which we fill up our time must give us long-term satisfaction with life as a whole. And satisfaction depends crucially on being left important things over which we take trouble.

The second observation is that we cannot expect legislatures to define a stopping point. If the decisions about what government may not do on our behalf is left to a majority vote of elected representatives, logrolling and shifting coalitions will mean a perpetually expanding domain of benefits.



The importance of effort is perhaps self-evident—try to think of something from which you take great satisfaction (not just momentary pleasure) that involved no effort on your part.

So the problem is set. Somehow the mix of somethings with which we fill up our time must give us happiness. And happiness depends crucially on taking trouble over things that matter. *There must be a stopping point, some rule by which governments limit what they do for people*—not just because of budget constraints, not just because of infringements on freedom (though either of these might be a sufficient reason in itself), but because happiness is impossible unless people are left alone to take trouble over important things.

The current stopping point for social welfare policy is supposed to be based on *who* is helped—the rationale of the safety net. (In reality, a very large proportion of income transfers violates the rationale of the safety net, but it nonetheless pervades the debate and is treated as if it were a self-limiting stopping point.) The underlying premise—the central government should act to help those who need help—is accepted by mainstream conservatives and liberals alike. Their differences lie in definitions of who needs help and what constitutes an appropriate level of help.

The alternative is to establish the stopping point according to functions. Curiously, those out of the political mainstream—libertarians and democratic socialists, for example—share this principle in common. Their differences lie in the lists of functions that are forbidden to government. Democratic socialists see the government as the provider of basic services, setting aside a few areas of noneconomic personal behavior as areas in which government may not intrude. Libertarians want a government forbidden from all except the most limited functions (national defense and the police function being the main ones).

For purposes of discussion here, I propose a loosely stated stopping point: "Functions that people as individuals and as communities are *able* to carry out on their own should be left to them to do as individuals and communities." That the government thinks it could do a *better* job is not a sufficient justification for intervention.

WHY, IN A NATION WITH THE wealth of the United States, would there not be enough people to attend naturally and fully to the functions of community?

The answer I am proposing is indicated by the image in the phrase "the tendrils of community." To occur in the first place, then to develop, certain kinds of affiliations must have something to attach themselves to. Communities exist because they have a reason to exist, some core of functions around which the affiliations that constitute a vital community can form and grow. When the government takes away a core function, it depletes not only the source of vitality pertaining to that particular function, but also the vitality of a much larger family of responses. By hiring professional social workers to care for those most in

need, it cuts off nourishment to secondary and tertiary behaviors that have nothing to do with formal social work.

An illustration: In the logic of the social engineer, there is no causal connection between such apparently disparate events as (1) the establishment of a welfare bureaucracy and (2) the reduced likelihood (after some years) that, when someone dies, a neighbor prepares a casserole for the bereaved family's dinner. In the logic I am using, there *is* a causal connection, and one of great importance.

I am arguing ultimately from two premises. One is straight from Aristotle, that the practice of a virtue has the characteristics of a habit and of a skill. People may be born with the capacity of being generous, but become generous only by practicing generosity. People have the capacity for honesty, but become honest only by practicing honesty. The second, for which I do not have a specific source, is that people tend not to do a chore when someone else will do it for them. At the microlevel, the dialogue between the government and the citizen goes roughly like this:

"Do you want to go out and feed the hungry or are you going to sit here and watch television?"

"I'm tired. What'll happen if I don't go?"

"Well, if you don't go I guess I'll have to do it myself."

"In that case, you go."

This response shows up in the aggregate, as well. The causal relationship—government spending crowds out private philanthropy—has been demonstrated in a number of technical analyses. The causal explanation needn't be much more complicated than the private dialogue ("What'll happen if I don't do it?") played out on a national scale.

It seems to be inevitable. If the message is that if people don't do these things themselves then the state will hire people to do these things for them, that knowledge affects behavior. You may once again use yourself as a source of evidence. Suppose, for example, that tomorrow you were told that every bit of government assistance to poor people—federal, state, and municipal—in your neighborhood had ended. If you are a physician, would this have any effect on your availability for *pro bono* services? If you are a member of a church board, would it have any effect on the agenda items for next week's meeting? If you are an unconnected member of the community, would you give any thought to what you might do to pick up needs that the government had so callously dropped? If you already do volunteer work, would you increase your efforts?

If you would be likely to function more actively as a member of your community under such circumstances, the puzzle to ponder is this: It is very probable that such activities will provide you with satisfactions. You can be fairly confident of this—so why is it that you are not behaving in the same way now that you would behave if the government stopped performing these functions?

"Taking the trouble out of things" is the theme song of modernity. The very process of technological progress may be seen as an unending attempt to do so.

The correct answer is that "it just wouldn't be the same." If a child in the neighborhood will not be fed unless the neighborhood church feeds it, the church will feed that child. But if the church is merely a distribution point, if it is simply a choice of whether the church feeds the child or a Generous Outside Agency does it, the urgency is gone, and so is some of the response by the church members. And so is some of the vitality of that church.

None of this is meant to ignore the voluntary and philanthropic programs that exist; rather, I am suggesting that what we observe is the tip of what would exist otherwise, the behavior of a comparative few who are highly motivated. Nor am I at this particular moment making a case for the best way to feed hungry children. The welfare of the fed child is not the issue here; the issue is the vitality of the church as a community institution. The church will be a satisfying institution of community life (not just religious life) to the extent that the members have something important to do; that institutional role will atrophy to the extent that it does not. Similarly for schools, clubs, chambers of commerce, and any other local institution.

So I am proposing that there is nothing mysterious about why people become atomized in modern urban settings. Individuals are drawn to community affiliations and attach themselves to them in direct proportion to the functional value of those organizations. As they do so, the aggregate intangible called "community" itself takes on a life and values that are greater than the sum of the parts. Take away the functions, and you take away the community.

BUT, ONE COULD ASK, SO what? Let us imagine an antagonist who has read faithfully to this point, and says:

"It is still not clear to me that we need any major reforms. I, for one, have a career that I enjoy. It both challenges me and interests me. (Or: I do not have such a career, but nothing in social policy is preventing me from trying to find one.) I am deeply engaged in trying to be a good husband and father. (Or: I don't have a good marriage, or I have no marriage, but again, that's not the fault of social policy.) All the enabling conditions for the pursuit of happiness have been met for me—material resources, safety, self-respect, intrinsic rewards, friendships and intimate relationships with a few selected people.

"For me, there is nothing broke that needs fixing. I am, at this moment, under this system, living in very nearly the best of all possible worlds. Whatever the 'stopping point' for government must be, the government has so far not infringed upon it. On the contrary, I am quite busy enough already, and I prefer *not* to have to worry about all the things that contemporary social policy so conveniently takes care of for me. I want the poor and disadvantaged to be looked after and I am glad to pay taxes so that someone else will see that such things get done. It is precisely to escape from the demands of the old-fashioned community that I have moved

to a housing division zoned in two-acre lots."

In thinking about the position of this imaginary antagonist, I shift between two different responses. The first is to assume that he is right: he is living in the best of all possible worlds, for him. But such a world is not best for everyone, because of what I will call the problem of the upside-down pyramid.

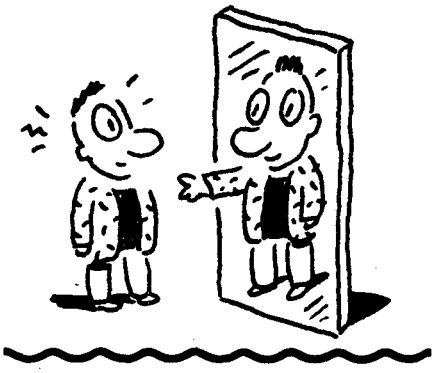
Privilege, like poverty, is often first imagined in terms of money. The distribution of the population in terms of privilege is symbolically imagined as a pyramid with a broad base of ordinary folk at the bottom and then successively narrower strata of more privileged people at the higher levels.

But it doesn't take much thought to realize how little money has to do with leading a privileged life. Money buys access to things and possibilities but not to the capacity to enjoy them. In that sense, the privileged are not those with the most money but those with other gifts—natural abilities, curiosity and interest, realized through education—and enough money (which is not necessarily a lot) to exercise them.

Conceived in this way, the more privileged you are, the more options you have for pursuing happiness. You also have latitude for "wastage." It is possible that you would have found great satisfaction in becoming an engineer, but no matter. You fell in love with biology in college and ended up being a biologist, in which you also find great satisfaction. And if it hadn't been engineering or biology, it could have been one of the many other satisfying vocations that your level of cognitive skills would have permitted you to follow.

Now, suppose that you have no gifts. You are not particularly smart, nor especially well-coordinated, nor musical. You are not beautiful or witty or charismatic. How, in the best of all possible worlds, will it come to pass that you reach the end of your life happy? It is not a rhetorical question. I begin from the assumption that in a good society, *everyone* may pursue happiness, not just the smart or the rich or the gifted. But the pyramid of options for achieving happiness narrows rapidly as gifts narrow, and the people at the bottom of the socioecotnomic ladder are often not only the poorest people and the least educated, but also those with the fewest *options* for achieving happiness. Whence the upside-down pyramid. (I had better say explicitly what should be obvious: The socioeconomic relationship is a statistical tendency. Money and social status have very little inherent causal role. Usually, however, people with greater gifts do better economically.)

So how are we to construct society so that anyone, no matter what his gifts, can reach the age of 70, look back on his life, and be able to say it has been a happy life, filled with deep and justified satisfactions? The answer is that, no matter what his gifts, he will in a properly run society be able to say things such as, "I was a good parent to my children," "I was a good neighbor," "I always pulled my own weight," and that he lived among people who respected those achievements.



Suppose that you have no gifts. You are not smart or musical or charismatic. How will it come to pass that you reach the end of your life happy?

These are excellent things to be able to say of a life. They are probably the best there are. The point of the upside-down pyramid is that, for many people, these are the *only* options. There is no possibility of having been famous to offset having been a poor parent, no consolation of an absorbing career to compensate for having had too few friends. So then we are forced to this question: If we assume a man of no special skills, under what circumstances will society enable him to achieve these goals? And the answer centers on one particular little platoon of immense importance, the immediate physical neighborhood in which he lives.

This is not a bad thing, but it is to some extent a *necessary* thing. Consider the situation of two men, one a successful surgeon and the other a man who works hard at a low-skill, low-responsibility job—a baggage handler, let's say.

The surgeon's world of affiliations (as the lawyer's or businessman's) may consist of many little islands: old school friends, fishing friends, doctor friends; professional affiliations at the clinic and the hospital; memberships in clubs and fashionable charities; season tickets for whatever is locally chic. His world doesn't have to include all of these islands, but it may if he so wishes. He has options. One of the reasons the surgeon buys the house with the two-acre lot is to have a refuge, to get away from the demands of the geographic community.

The surgeon's wider world also offers him protections against onslaughts on his self-esteem. He can be a failure at home, he can be inactive in his geographic community, and still see himself as "measuring up" in terms of his contribution to society.

For the baggage handler, the immediate geographic community is much more his entire world. His friends are likely to come from the neighborhood, not across town, from a bar down the street, not the country club five miles away. A night out is likely to be at a local movie theater, not the Civic Arts Center. Equally importantly, the baggage handler's sense of who he is, both his self-respect and self-esteem, are rooted much more deeply in the immediate neighborhood than are the self-esteem and self-respect of the surgeon. No underlings scurry to assist him. No patients tell him how wonderful he is. If he gets respect, it is primarily from his family and neighbors. If he is appreciated, it is primarily by his family and neighbors.

And where are his satisfactions to come from? What are going to be for him the activities serving important functions for which he has responsibility? He is not going to save a life or develop a new procedure for arterial bypass or "exercise his realized capacities" in any other way that depends on unusual personal assets. What remains to him, however, is the one resource that he *can* contribute and that *will* be highly valued, if the circumstances are right. He can be a good neighbor.

He can help feed the hungry. He can

comfort the bereaved. He can be a source of support to people who are having a hard time, just as they can help him. And in these most important of all possible "things to take trouble over," he can do as well as anyone. The socioeconomically advantaged people in my hierarchical view have *more* options, but they do not have *better* ones for achieving happiness.

If it is true that the little platoon constituting the immediate geographic neighborhood is extremely important to the lives of many people—probably most—and *if there are few other alternatives*, especially to those at the bottom of the socioeconomic pyramid, then it becomes extremely important that a neighborhood can become a functioning little platoon that provides such sources of satisfaction. Social policy must be designed to leave the functions of community in the community. Or to bring the question back to my antagonist who prefers to pay other people to take care of such things for him: I concede his right to set up a system in which *he* pays other people to do these things, but that does not mean it is appropriate to run the whole country that way.

Having worked through that argument, however, it must also be acknowledged that my imaginary antagonist has an excellent response. He says:

"You are really playing Lady Bountiful in reverse. The government has the responsibility for taking care of all sorts of human needs, but you say that such a system impedes others from pursuing happiness. If that's the case, why don't you go out and find some of these people at the bottom of your upside-down pyramid who agree with you? You will fail to come close to a majority. Most people on the lower levels of the pyramid don't want fewer benefits; they want more. They don't want government to leave their communities on their own; they want more things done for them. Ultimately, isn't the argument of the upside-down pyramid just another instance of trying to tell other people what's good for them?"

My answer is: yes and no. If the country is to be run by a sequence of national legislative decisions in which a majority may pass any law it pleases, then yes. Put it to an up-and-down vote, and a majority of people given the chance to get something from the government will take that chance more often than not, and over time the result will be similar to the process we have witnessed in modern Western democracies—indeed, in every democracy everywhere, throughout history.

But on another level I am arguing for a world in which no one is at the mercy of strangers' opinions about how he should live, neither mine nor anyone else's. I am arguing for a system in which we stop making ad hoc judgments about what other people "really" need, and obliging those others to live by them. I am arguing that we must try to step outside the exigencies of day-to-day politics and lay down a way of running society that will protect us from ourselves, and from each other, in years to come.

What about the single woman with children who for some reason cannot be expected to become self-sufficient? How can she still "measure up"? How does she pass on to her children, by her example, a good way to live in the world?

MY SECOND RESPONSE TO MY IMAGnary antagonist is to argue that he is wrong. He doesn't know what he is missing. He wants the government to take the trouble out of the community functions I have described, so that he can concentrate on the other little platoons through which he pursues happiness—work and family. But, I argue, he is ignoring the reverberations that a vital community has for the things that he does value in his life. Take, as an example, the little platoon known as the family.

Marriage, like other affiliations, acquires content over time. One extremely important source of mutual respect, reliance, and trust involves *the way that the married couple interact with the people around them*. To gain the respect of a virtuous spouse, one must act virtuously, and to practice the habit of virtue requires an environment in which one has opportunities. A community with functions to fulfill provides an extremely important venue for practicing virtue. It is a stage upon which the partners in a marriage may reveal themselves to each other. It also provides a marriage with the room it needs to flourish: Husbands and wives who are everything to each other are in peril of one day being not nearly enough. Yet if their "communities" are entirely separate ones, they are likely to be pulled apart.

The same dynamics impinge on another of the central functions of marriage, the "passing on" of values from parent to child. Suppose, for example, that you want to pass on to your children the virtue of compassion. How does one bequeath a habit of helping others, of giving, of generosity, if this is not part of one's own life? Once again, the activities immediately surrounding the home—the function of the community—provide raw material. It is not necessary that the parent be engaged in every possible community activity. On the contrary, most of what is involved in being a "good neighbor" as I am using the term does not involve organized activity at all. It seems necessary, however, that there be an environment in which the child observes these things happening, knows people who are engaged in them, and comes to understand the concept of social obligation by observing people living according to that concept. Watching parents support compassionate politicians just isn't the same.

These comments apply as well to parents who prefer to pay other people to perform the functions of community. If such parents are engaged in directly paying other people *in the community*—supporting local institutions—they at least must do such things as choose whom they will pay and how much. And even these actions provide a richer basis for instruction than signing a 1040 Form and then trying to explain compassion to the child in the abstract.

THE INTERCONNECTIONS LINKING functioning communities with functioning families go far beyond these. Consider the less obvious example involving a single woman without a job, without education, without the support of a male, and with children to raise. She is receiving assistance. How is that assistance to be given so that it provides the woman and her children alike their best chance to live satisfying lives?

One answer is: in whatever way gives her the best chance to become self-determining and self-respecting by becoming economically self-sufficient. But that does not happen naturally no matter how much material support is provided during the process. To move from dependence to precarious independence to secure independence is an intimidating and exhausting experience, and *there has to be a reason to do it*. Functioning communities can provide that reason, both in the form of encouragement, holding out to the woman the prospect of something-worth-having (full-fledged membership in a community she wants to be a part of), and in the form of prodding, holding up to the woman the reasons why failing to become self-sufficient is a drain on the community. And when the assistance itself is being provided by people in the locality, the pressures on her to become a self-determining, self-respecting person are going to be much greater than if the money comes from a bureaucracy.

But in some ways the more provocative case involves the single woman with children who for some reason cannot be expected to become self-sufficient, or for whom it is especially difficult. How can she still "measure up" to community norms and thereby achieve self-respect? How does she pass on to her children, by her example, a good way to live in the world? The options are few and forced. One of the most obvious and best is that *she has herself been a contributor to the community*, by being a good neighbor in all the ways that she indeed can be, economically self-supporting or not, if she lives in a vital community. One of the important reasons for leaving the functions of a community in the community is that doing so increases the chances for the recipients of help to be givers of help as well. The same institutions that are providing the dependent with help have some things they will be asking in return, and through that lies a possibility for authentic self-respect. The only way to "take the stigma out of welfare" is to provide a means of paying it back.

Perhaps I have used too many formal social service examples of community (feeding the hungry) and not enough informal ones (taking a casserole to the bereaved family). I should emphasize, therefore, that I am not envisioning an ideal society in which everyone is a social worker, but one in which the full dimensions of being a neighbor are played out in full view of everyone, on the local stage.

BUT AREN'T MY FEARS AFTER ALL more theoretical than real? Aren't we muddling through, most of us, reasonably well? What, finally, is to be gained?

My sense of the present state of affairs is captured by one of Adam Smith's thought experiments in *The Theory of Moral Sentiments*. In this passage, Smith begins by asking his readers to "suppose that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake." How would a humane man in Europe be affected upon hearing the dreadful news? Smith sketches the predictable reactions. This humane gentleman would express his great sorrow. He would reflect upon the precariousness of life. He might then speculate upon the economic effects this catastrophe would have on the rest of the world. And then he would go about his business "with the same ease and tranquility as if no such accident had happened." This, Smith continues, is the understandable consequence of distance and disconnection, and he continues by discussing the very different response of the same man to people whose happiness he *does* affect. This is what Smith, the emblem of uncaring laissez-faire self-interest, has to say:

"When the happiness or misery of others depends in any respect upon our conduct, we dare not, as self-love might suggest to us, prefer the interest of one to that of many. The man within immediately calls to us, that we value ourselves too much and other people too little, and that, by doing so, we render ourselves the proper object of the contempt and indignation of our brethren."

Much of what we observe as rootlessness, emptiness, and plain unhappiness in contemporary life may ultimately be traced to the many ways, occasionally blatant, more often indirect and subtle, in which social policy has excised the option of taking responsibility.

Human nature has not changed since the 18th century. I am arguing that when we are disconnected from the elemental functions of community and "the happiness or misery of others" around us no longer depends in any meaningful way upon our conduct, we consign even our neighbors to a kind of China from which we become as detached as Smith's humane and otherwise compassionate gentleman. The loss this represents is not redeemed by satisfactions from career nor wholly compensated even by the satisfactions of family. No matter how much satisfaction we may derive from work and family, they are only two dimensions of life in a three-dimensional world.

NO ONE HAS TO TEACH PEOPLE how to pursue happiness. Unless impeded, people form communities that allow them to get the most satisfaction from the material resources they have. Unless impeded, they enforce norms of safety that they find adequate. Unless impeded, they develop norms of self-respect that are satisfying and realistic for the members of that community. Unless impeded, people engage in activities that they find to be intrinsically rewarding, and they know (without being taught) how to invest uninteresting activities with intrinsic rewards.

The behaviors that lead to these happy results do not have to be prompted by or mandated for anyone, neither for people with wealth and education nor for people with little money and little education. Does everyone always act in every way to achieve these positive results? No. My assertion rather is that these behaviors reach a maximum on their own. Unless impeded, people continually make small, incremental changes in their lives that facilitate their pursuit of happiness, and the mechanism whereby they accomplish this is voluntary affiliations with other people. To encourage, nourish, and protect vital little platoons, the government's main task is to make sure that no one interferes with our coming together in these voluntary acts of mutual benefit. r

Charles Murray, the author of Losing Ground, *has more recently written* In Pursuit, *from which this article is adapted.*

CRASH

by ALAN REYNOLDS

A year has passed since the steepest stock market drop in almost 60 years, with the Dow-Jones average falling by over a third from October 5 to October 19, 1987. Yet nothing much has come of it. Those who were expecting a deep recession at the end of 1987 instead began worrying, only a few months later, about a supposedly "overheated boom." The stock market quickly recovered about half of its loss, with stocks of smaller companies doing even better in the rebound of early 1988.

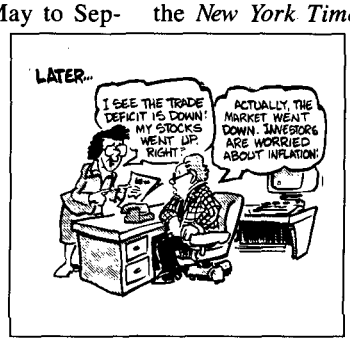
The enduring legacy of the Crash of '87 is that it provided a convenient excuse for a variety of possible increases in government authority, which may yet cause serious economic trouble. The crash has been used to denigrate a prolonged economic expansion during the Reagan years, to support calls for new taxes, and to argue for increased regulation of financial markets. A Securities and Exchange Commission "study" of the crash concluded that more SEC intervention in the market is just what we need—even though an October 19 remark by SEC Chairman David Ruder, suggesting he might temporarily close the New York Stock Exchange, undoubtedly accentuated the panic. The supposedly private Brady Commission, whose chairman went on to be appointed secretary of the Treasury in August, advocated tighter federal regulation of financial markets. The New York Stock Exchange blamed the Chicago futures market (and said it needed more government supervision), and vice versa.

But there is a basic flaw in all these "investigations" to determine what was wrong with markets or investors. Markets and investors should have instead investigated what is wrong with Congress, the U.S. Treasury, and the White House.

To understand why the market crashed, we have to brush aside several popular scapegoats—the budget deficit, Federal Reserve tightening, the trade deficit, and (the explanation emphasized by the Brady Commission) computer trading.

Consider, first, the budget. Politicians and pundits immediately concluded that investors all over the world had suddenly awakened one morning in October and noticed that the United States had a budget deficit—caused by, in *Time*'s words, "Reagan's long, obstinate resistance to tax increases." Investors, according to this strange theory, were eager for more taxes on the profits and sales of the companies they invested in or on their own interest income, dividends, and capital gains. But markets turn on news, and the only *new* information about the deficit was that it had fallen to $150 billion—half of some estimates earlier that same year.

Several prominent monetarist economists on Wall Street and inside the U.S. Treasury instead blamed the event on a tight-money policy by the Federal Reserve. But this argument suffered from the same bad timing as the rival story about budget deficits. The slow growth of the money supply from May to September 1987 was old news; it had not prevented the stock market from soaring during that time. True, on September 4 the Fed had hiked the discount rate to a relatively modest 6 percent, but the Dow-Jones stock index increased by 52 points over the next 10 days.


LATER...
I SEE THE TRADE DEFICIT IS DOWN! MY STOCKS WENT UP, RIGHT?
ACTUALLY, THE MARKET WENT DOWN. INVESTORS ARE WORRIED ABOUT INFLATION!

The crash was, above all, a global event. Stock market declines in countries as diverse as Australia, Ireland, Mexico, and Malaysia were far deeper than in the United States. And stock markets had already reached their peaks for the year as early as April 18 in Germany, July 16 in the United Kingdom, and August 25 in the United States. In short, the worldwide stock market crash cannot plausibly be blamed on such unchanged local news as the U.S. budget deficit or the U.S. money supply. A global phenomenon requires a global explanation. That naturally points toward trade deficits, trade legislation, and the dollar.

Financial markets in 1987 suddenly seemed obsessed with the notoriously unreliable estimates of the monthly U.S. trade deficit. Big increases in other countries' trade deficits, such as the United Kingdom's in early 1988, were not accompanied by comparable anxiety in foreign financial markets. The reason is surely that only the United States was threatening either protectionism or devaluation as a "solution." Congress was threatening to raise the cost of living and the cost of production with tariffs and quotas, and the White House and Treasury were threatening to inflate import prices by devaluing the dollar. These were merely two competing ways of making Americans poorer and making the United States a dangerous place to invest. So "bad news" about the monthly trade deficit directly implied bad news about U.S. policy.

The real trade story goes back to the Reagan administration's perverse decision in March 1987 to "get tough" about Japan's reluctance to overcharge U.S. high-tech industries for semiconductors. As the *New York Times* noted, the decision set off "a chain reaction in financial markets....Reaction to the dollar's decline was violent in the stock and bond markets, where prices plunged in near-panic selling." Another whiff of protectionism a month later, when the House passed the Gephardt Amendment, sent bond prices and the dollar plunging. When the Senate passed a more mildly protectionist trade bill on June 18, interest rates rose.

The stock market reacted similarly a year later, in April 1988, when a *New York Times* feature made a wildly premature guess about "increasing chances that the [trade] bill might escape a veto." That flimsy rumor alone took 101 points off the Dow on the day it appeared. That time, however, the conventional explanation was the trade-deficit figure, which happened to appear on the same day. Was it really the trade *deficit* or the trade *bill*?

That question leads us back to the first big day of the crash—October 14, 1987—when another "disappointing" trade-deficit figure was likewise blamed for a 95-point drop in the Dow. The trade deficit reported on October 14 was nearly $1

COURSE

COULD BLACK MONDAY HAPPEN AGAIN?

billion smaller than a month earlier. But the September figure had not provoked financial panic. On the contrary, as a headline in the *Los Angeles Times* noted: "Trade Deficit at Record High but Stocks Soar." Why would stocks (and the dollar) take off on news of a $16.5-billion deficit but then collapse on news of a $15.8-billion deficit? The real reason is that the trade deficit per se was never the real issue. The issue was the trade bill, along with taxes and the dollar.

The damaging role of House Ways and Means Committee tax proposals put out on October 14 is not seriously disputed, but it is played down in the various government studies of the crash. Among a variety of soak-the-rich schemes approved by the House was a tax bill making it virtually impossible to deduct the interest expense in takeover deals, which would devastate even deals that were then pending. Ed Yardeni of Prudential Bache later documented that takeover stocks were among the earliest and hardest hit in the crash. Congress was obviously intent on protecting inefficient business managers from domestic competition as well as foreign competition.

More bad news on the tax front had been announced by Germany in early October: a new withholding tax on interest earnings, even for foreign investors. The immediate effect, predicted by *The Economist*, was higher interest rates on German bonds to compensate for the tax. Since Germany was under international pressure to *reduce* tax and interest rates, the October news was taken as further evidence of a general breakdown of international cooperation—a breakdown that might well have encouraged a trade war and debt defaults.

In addition, top officials in Germany, Japan, and the United States were openly inviting investors to get out of dollars—including stocks and bonds priced in dollars. German monetary officials made it clear on October 6 that they intended to raise interest rates regardless of the effect on the dollar. The Dow fell 92 points that day. Later that week, similar intentions to hike interest rates were attributed to Japanese central bankers. Treasury Secretary James Baker later made it clear that the United States didn't care about the dollar, either. A cover story in *Fortune* in mid-October—"Why Greenspan Is Bullish," ironically upstaged by events—said the Fed chairman expected the dollar to gradually sink by another 30 percent.

On November 4, 1987, the *Wall Street Journal*, reviewing this period, published a chart indicating a close match between each daily drop in the dollar and the drop in the Dow. A year earlier, a very similar public rift in early September between the same German and U.S. officials over exchange rates had likewise pushed all the world's major stock markets down by 6-9 percent.

Malcolm Forbes, Jr., neatly summarized the causes of the crash in his November 11, 1987, *Forbes* column, noting that "the possibilities of protectionism, tax, increases . . .and a weaker greenback did to equities what a similar combination did 58 years ago." Since rational fear of such blunders in government policies caused the crash, the event scarcely supports proposals by the Brady Commission and others to increase government intervention in financial markets. Indeed, the mere release of the Brady Commission report, on January 8, 1988, was greeted by a huge, 140-point drop in the Dow.

It may well be true that "portfolio insurance"—the report's favorite whipping boy—made investors too sanguine as the market rose, and too sheep-like in the crash. But portfolio insurance is just a strategy, not an actual market, and its newly obvious limitations are all the regulation that was either needed or possible. The commission may even be correct to propose that margin requirements on stocks, options, and futures be made more equal, so that investors don't prefer options and futures merely because of greater leverage. But Treasury Secretary Brady has rightly suggested that this could be accomplished by reducing margin requirements on stocks, as Japan did, rather than by penalizing options and futures—which would simply drive those markets to places like London and Singapore. (Brady's remark also casts some doubt on the speculation that, should he remain as Treasury secretary if George Bush is elected, heavy-handed regulation of the financial markets would follow.)

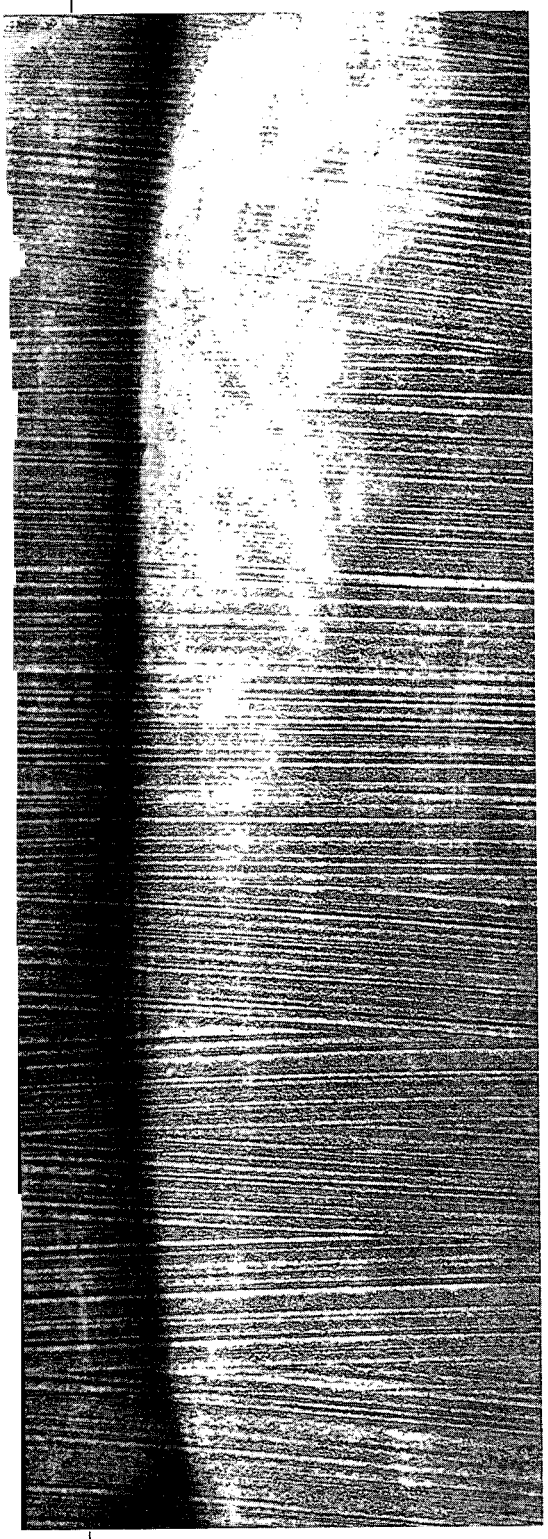
Since limitations on markets tend to reduce their liquidity (for example, the ability to switch into cash quickly), mere announcement of such schemes would depress stock values. To limit or stop trading during a downturn, as the SEC chairman proposed during the crash, is like closing the doors in a theater that is on fire. Hong Kong, which closed its stock market during the crash, suffered a lasting loss of credibility, while Japan, which instead reduced margin requirements, quickly recovered.

Could a comparable crash happen again? Probably not one as sudden or as deep. The fact that portfolio insurance has been largely discredited should minimize the related rush by investors to get out of the market at the same time. And stock prices are already much lower today, relative to earnings, than they were on the eve of the crash. But any similar collection of bad news regarding future government policies would certainly reduce expected profits or raise the interest rate at which those profits are discounted—and sink the stock market. A Dukakis presidency might scare foreign and domestic investors away from U.S. assets, for the same reasons.

If we want to avoid another crash, the lesson is to avoid protectionism, punitive taxes, and a weak currency. Far from being a legitimate excuse for more government intrusion, the crash illustrates once again how hazardous the government can be to our financial health. r

Contributing Editor Alan Reynolds is chief economist with Polyconomics Inc., a consulting firm in Morristown, New Jersey.

TIM TEEBKEN



Chicken Little with a Hypodermic

Mandatory AIDS testing won't keep the sky from falling.

The death toll from AIDS is mounting daily. Prof. Stephen Jay Gould of Harvard warns that 25 percent of the human race could be swept away by the AIDS-causing human immunodeficiency virus (HIV) that wipes out the immune system and leaves the body vulnerable to a vast number of horrible diseases. Dr. William Haseltine, also of Harvard, has called the syndrome "species-threatening," and Dr. John Seale, a British Member of Parliament, informed that body that AIDS is "clearly a serious threat to the entire population." All of which has caused government and other leaders to demand that something, anything be done to slow the spread. It's the "anything" part that should have us worried.

So far, aside from research funds, most AIDS-targeted government money has gone for education. But the next big push is for mandatory testing to detect infection with the AIDS virus. Generally it is conservatives who advocate mandatory testing, although a few liberals have also joined the chorus.

The first problem with the rush to testing is that the threat it addresses has been grossly exaggerated. Contrary to popular belief, fueled by interests as disparate as scientists seeking greater research funds, gay rights groups, chastity-pushing conservatives, and headline-happy publications, AIDS is not "exploding" into the general population. It remains confined almost exclusively to

by Michael A. Fumento

homosexuals, intravenous (IV) drug users, recipients of blood products prior to 1986, and their steady sexual partners.

According to the Centers for Disease Control (CDC) in Atlanta, only about 2 percent of all diagnosed AIDS cases in this country have been attributed to heterosexual transmission in native-born Americans, a figure that has held steady for several years now. In New York City, the heterosexual AIDS capital of the United States, only 359 females out of 14,294 cases have been identified as having gotten AIDS from heterosexual intercourse; some partners in these cases are, of course, IV drug users or bisexuals. Even more dramatically, AIDS has been traced to heterosexual sex in only eight males. And if other health departments interviewed patients as carefully as New York does, screening out those who claim sex with women as their only risk when in fact they have had sex with men or shared needles, it's quite possible they'd find less than a score of such heterosexual men in the entire country.

Blood tests also indicate that the problem remains tightly confined to a few groups. The CDC estimates the prevalence of HIV infection in military recruits at 0.15 percent or less; excluding high-risk groups, at 0.02 percent or less. In first-time blood donors, CDC puts the figure at 0.04 percent or, excluding high-risk groups, an estimated 0.006 percent. Most importantly, both of these figures have held steady the last two years.

An article in April in the *Journal of the American Medical Association* estimates that people who avoid sex with a member of a high-risk group have only a one-in-five-million chance of infection per act of intercourse—about the same as one's chance of dying in an automobile accident in 10 miles of driving. Using a condom is estimated to reduce this risk to one in 50 million.

AIDS has been, and will continue to be, a problem for people who engage in those few acts—primarily needle sharing and anal intercourse—that allow transmission of the virus. Why should millions of others be physically violated through mandatory testing in order to reduce the riskiness of those risky activities?

While testing proponents invoke the procedure as a talisman, in their rush to do so they rarely stop to ask what the results will be used for. In fact, they even have trouble deciding on the ground rules. The term *mandatory* is regularly eschewed in favor of the pleasant-sounding *routine*, but what's in a name? Gary Bauer, assistant to the president for policy development, says routine testing means that individuals can refuse to be tested; but columnist William Safire has quoted him as admitting that "routine testing at the federal level does not include the right to opt out."

Why should millions of Americans be subjected to mandatory testing in order to reduce the riskiness of risky activities?

Wholesale testing, whether mandated or routinely suggested, doesn't make sense. In the screening test that will be used, the enzyme immunoassay (EIA), a blood sample is mixed with a chemical that reacts to antibodies created by the body in reaction to HIV, usually within about six weeks of exposure. (Infrequently, individuals may not develop antibodies for more than a year, or not at all.) The test is intentionally oversensitive, to reduce the possibility of false negatives. If the EIA shows positive once or twice, indicating the presence of HIV, a far more accurate test, called a Western Blot, is applied.

Studies in both the United States and West Germany, along with observations of the effects of an AIDS-like virus in sheep, are leading to a consensus among researchers that virtually everyone infected with the AIDS virus will eventually become ill. It may not be wrong, then, to see a positive HIV test result (*seropositive*) as tantamount to a death sentence.

Because there is no known cure for AIDS, nor a confirmed preventative treatment that will keep HIV infection from developing into AIDS, testing in and of itself cannot save the lives of infected people. The test is useful only to the extent it can prevent new infections.

In this light, screening the blood supply makes sense: each infected pint screened may prevent several new infections, since whole blood is usually broken down into several components, and one infected recipient could infect others. With such a clear benefit, no organization today opposes such testing.

A good case can be made for testing of military recruits, as well. It relieves the armed forces of having to pay substantial medical costs and of the prospect of screening blood in field hospitals during the heat of battle. No other situation, however, is so clear.

Premarital testing is a microcosm of the mandatory testing debate. Vice-President George Bush, former Education Secretary William J. Bennett, White House aide Gary Bauer, and numerous other national figures have signed onto the mandatory premarital testing bandwagon. Bills introduced into the Senate and the House seek to force the states to mandate such testing, and two states—Illinois and Louisiana—have done so on their own. Surveys show that up to 85 percent of Americans favor premarital HIV screening.

Advocates give several reasons for such testing: Premarital testing was part of the broad national plan that helped break the back of the syphilis epidemic in the early part of the century. It will be cost-effective, because every new infection prevented will save tremendous amounts of money. It will prevent children from being born with the virus. Finally, it will give us a good idea of the extent to which the infection has spread beyond the drug-using and gay populations. None of these rationales, however, stands up to scrutiny.

• *The syphilis analogy.* One of the most revered myths of the pro-test lobby is that premarital testing for syphilis was a key in reducing the incidence of this crippling venereal disease. In fact, as Dr. Allan Brandt of Harvard Medical School notes, premarital testing was extremely cost-ineffective, detecting less than 1 percent of all syphilis cases found, with a tab as high as $250,000 per case detected.

With this poor cost-benefit ratio, on top of a general drop in the syphilis rate (a result attributable more to penicillin than to aggressive testing), 22 states have *repealed* their premarital blood test requirements since 1980 alone.

So far, the detection rate of HIV in premarital screening has paralleled the results of syphilis testing. In Illinois, of over 75,000 marriage-license applicants

tested by the end of July, only 10 proved seropositive. Tests cost from $30 to over $100; assuming an average of $50 a test, this comes to $375,000 per case detected.

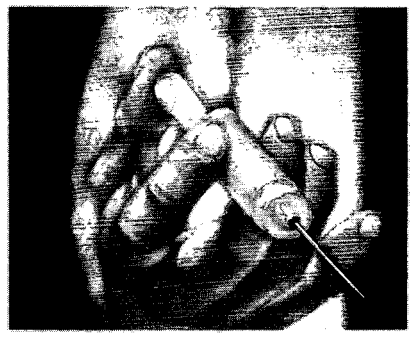
Those who justify this incredible expense in part by asserting that "none of the costs are borne by taxpayers" would be hard-pressed to explain how this is not a tax, and a very unwelcome one at that. In fact, marriage-license applications in Illinois are down 40 percent this year, while applications in Indiana and Wisconsin from Illinois residents are way up. Perhaps some individuals just don't want to know it if they're infected with the HIV virus, but according to an official at the Illinois Department of Health, most are seeking to avoid not the results but the expense.

The idea that premarital screening can be cost-effective in terms of cases prevented is based on one false assumption and one naive one. The false assumption is that health care for the remaining life of each AIDS patient can cost as much as $150,000 per case. In fact Blue Cross/Blue Shield, one of the nation's largest health insurers, is using the estimate of $80,000 per case.

The naive assumption is that somehow cases detected translate into additional cases prevented: the virus carrier, once notified, will take action to reduce the chances of passing it on. But even among those who have sought out testing, a disturbing percentage of victims of infection continue to engage in high-risk activity. One study reported in January in the *Journal of the American Medical Association* indicated that among homosexual and bisexual men voluntarily being tested, over 12 percent would not inform their primary partners if they proved seropositive and over 25 percent would not inform nonprimary partners.

Those who avoid testing until it is forced upon them are likely to act even less responsibly. Jim Johnson, an AIDS hospice director in Long Beach, California, testified in congressional hearings that 60 percent of the several hundred seropositives he's worked with—many of whom did intentionally remain ignorant of their status until they were diagnosed with symptoms—continued to engage in high-risk activity.

To ensure a preventative result from testing, a positive test result would have to result in permanent quarantine. But a virus that is so difficult to transmit—that literally has to be invited in—hardly justifies the loss of liberty involved in isola-



We Shall Leave No Arm Untapped

Federal mandatory testing legislation currently under consideration includes:

■ **Senate Bill 977,** introduced by Don Nickles (R-Okla.). It would mandate routine HIV testing of individuals convicted of drug and sex offenses. This has since been incorporated into S 1220, a spending bill for the next fiscal year passed by the Senate in April.

■ **Senate Bill 1352,** introduced by Jesse Helms (R-N.C.), would deny states use of federal dollars for anti-AIDS drugs, including Retrovir (AZT), unless those states require an AIDS test to get a marriage license. It would also mandate testing of federal prisoners, persons admitted to Saint Elizabeth's Hospital in the District of Columbia (let's at least protect our own back yard!), and aliens seeking residence in the United States.

■ **House Bill 2273,** introduced by William Dannemeyer (R-Calif.), would prohibit the Department of Health and Human Services from making grants to states that do not require testing for venereal disease patients, for anyone between 15 and 49 years admitted to a hospital, and for anyone applying for a marriage license or convicted of prostitution or an IV-drug use charge.

■ **House Bill 344,** also introduced by Dannemeyer, would mandate the testing of federal prisoners and immigrants. Dannemeyer has been trying to attach these two measures to a House spending bill to be voted on this fall.

■ **House Bill 3419,** introduced by Jack Kemp (R-N.Y.), would fund state-run mandatory testing programs for marriage-license applicants, prisoners, patients at family planning clinics and clinics treating sexually transmitted diseases, and hospital patients ages 15 to 50.

■ **House Bill 1789,** introduced by Dan Burton (R-Ind.), would go all the way: federal Medicaid funding would be denied to any state that does not conduct *annual* testing of *all* residents of the state.

tion of its carriers.

• *Preventing AIDS babies.* A study in New York City, the site of the scary figures we've been hearing on the high percentage of newborns with AIDS, found that 75 percent of HIV-infected infants are born to unwed mothers. Further, many women, married or not, choose to give birth even knowing they are seropositive. In neither case does premarital testing offer hope of prevention.

• *Survey purposes.* This is one of the more bizarre arguments for mandatory testing of people about to get married. Accurate surveying is possible using blood submitted for other reasons (for example, syphilis or hepatitis B testing) and not informing the donors. To mandate testing is to cause the testing cohort to be self-selecting, as has been the case with the fleeing Illinoisans. So the survey value of the test group is destroyed.

All these arguments for mandatory premarital testing are, however plausible, specious. But there is also a disturbing problem with screening low-risk populations.

As the media were quick to note when HIV testing came on the scene, there is the possibility of false positives. Usually retesting, as in using the Western Blot, solves the problem. But some individuals will cause a biological false positive, meaning their tests will consistently show evidence of the virus no matter how often repeated.

One such case was reported recently in the *Journal of the American Medical Association.* A woman complying with the Illinois law obtained a blood test that indicated positive on the EIA and indeterminate on the Western Blot. Retesting and testing a second blood sample still left things up in the air. This woman, who was at virtually no risk for HIV infection—her fiancé tested negative and she had had only one previous sexual contact—was turned into a nervous wreck two weeks before her planned wedding day.

Needless to say, one false positive can ruin your whole day. Some individuals have taken their lives after receiving positive HIV results.

Still, false positives are a trade-off in any medical test, and by medical standards the HIV one is very accurate. The problem is that in an extremely low-risk population, there will be so few true positives that the chance of a positive being a false one is quite high. A team of Harvard scientists has concluded that mandatory testing of 3.5 million marriage seekers under optimal conditions would result in detecting 1,200 infected persons who had not already transmitted the virus to their partners. *But* as many as 380 persons—a quarter of the positives—would be told they were infected when they weren't. According to current data on the prevalence of HIV infection, if 3.5 million New York City IV-drug users were tested (and of course there aren't that many), there would still be 380 false positives, but there would be almost 2.5 million true positives detected—a far more acceptable trade-off.

Needless to say, one false positive can ruin your whole day.

Given all the other drawbacks, the few cases detected in testing low-risk populations can hardly be worth it. Such is the conclusion Louisiana officials finally reached. In July that state repealed its premarital testing requirement, all parties to passage of the bill having admitted it was a gigantic flop.

Other forms of mandatory testing would almost certainly be more effective than premarital screening, but most suffer from the same drawbacks of low yields, high costs, and no assurances that those identified as infected will take action to avoid infecting others. One apparent major exception to the stricture against mandatory testing is so because it isn't really mandatory. In cases of contract, one party should have the right to demand a test of the other. So concern for the sake of the uninfected partner in a new marriage is met by allowing a prospective spouse to demand a test. Insurance companies should be free to insist that applicants submit to an HIV test, just as they are screened for other major-risk factors. If a hospital wants to test nonemergency patients in the belief this will enhance employee safety, it may do so. This is true of government entities, as well. With a volunteer force, military testing, for example, is part of a contract.

Since requiring a test can scare off the potential party to a contract, the first party has a clear disincentive to avoid such a demand unless it is deemed truly necessary. This serves as a control—a control that is nonexistent when the government forces an individual to be tested and notified of the results in order to be married or perhaps to avail himself of medical services.

The contract theory even applies to illegal contracts. Aside from the fact that there is scant evidence that prostitutes are spreading the AIDS virus, why should the government test prostitutes when a prospective customer can reduce the chance of infection by using a protective condom or—lest the thought not occur—can avoid sex with prostitutes? Does the government have the responsibility to protect the prostitute's customer from his own follies? For that matter, does it have the responsibility to protect someone who marries a partner who hasn't been tested? One of the supreme ironies of the mandatory-testing debate is that conservatives who speak so often of "getting the government off our backs" want to substitute overweening paternalism for choice.

In a movie by the comedy troupe Monty Python, a group of knights finds itself defenseless against a deadly beast that blocks its path. Under assault, they flee the area. "Would it help if we ran away some more?" asks one of the knights. The call for mandatory testing is understandable, but like the reaction of the Python knight and like so much of the nation's reaction to AIDS, it borders on the hysterical.

Under assault by an enemy of unknown yet often exaggerated strength, we find ourselves with no real weapons for defense save testing in those situations in which it can reasonably lead to transmission reduction. But testing beyond this point to defeat AIDS is like trying to run away more to defeat the Python beast. It won't work. Rights will be violated, funds will be squandered, and the course of the epidemic will be affected not one whit. Whatever the question, mandatory testing is not the answer. ◻

Michael Fumento has written on AIDS in National Review, The New Republic, *and other publications and is the author of the forthcoming* The Myth of Heterosexual AIDS.

—RON PAUL, LIBERTARIAN CANDIDATE—

RADICAL VIEWS, CONSERVATIVE STYLE

"Ron Paul is running for the presidency," began the May 10 article in the *Los Angeles Times*. "Not many people know that. Not many people care."

Recounting a day Paul spent campaigning in Washington state, reporter J. Michael Kennedy noted that "his message is rarely heard outside the confines of a college campus or radio talk show. His largest audience was 1000 students at a prep school assembly."

The article may have been condescending in tone, but it did describe the Libertarian Party fairly accurately as "based on the principle of property-owner rights, personal freedom and opposition to government involvement in daily lives." Most important to the Ron Paul campaign was that the *Times* article appeared at all. In 1980, Los Angeles resident Ed Clark mounted the most impressive LP presidential campaign to date. His dominant hometown paper—which likes to think of itself as the West's newspaper of record—didn't write any stories about his candidacy. Zilch. Zero. *Nada*.

Paul has to figure that a mildly condescending story is better than none at all. Clark agrees. "Ron is much farther along than I was in 1980," he said toward the end of the summer. "I didn't really start campaigning actively until after the major-party conventions, and Ron has been at it since January. If he gets any breaks at all, he should run a better campaign."

One break came on August 10, with a story in the *New York Times* about Pat Robertson supporters from Michigan declaring their support for Paul. When the story broke, Paul was in Midland, Texas, at a fundraiser put on by Texas Robertson backers. CBS interviewed the chairman of the event, and the campaign headquarters in Houston handled a flurry of media inquiries. For a few days—until George Bush mollified the GOP's conservative wing by selecting Dan Quayle as his runnning mate—Paul's name cropped up in reports that Robertson people might make trouble at the convention.

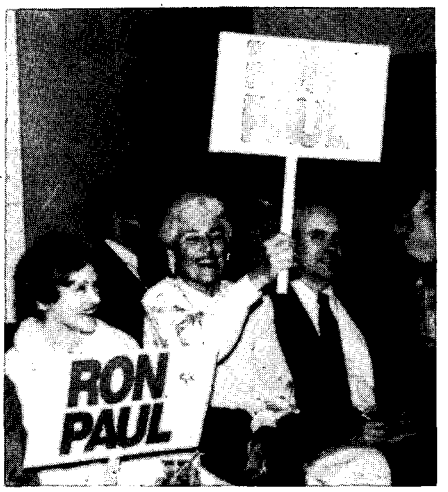
As the two major parties then settled in dutifully to their appointed task of boring the American people into submission by November, Ron Paul and the Libertarian Party were still struggling to inject a little interest—and even a serious idea or two—into the presidential race. They hope that the general lethargy inspired by the Bush-Dukakis tussle will furnish an opportunity for America's most persistent third party of the last two decades, enabling it to reach beyond its usually narrow segment of the electorate.

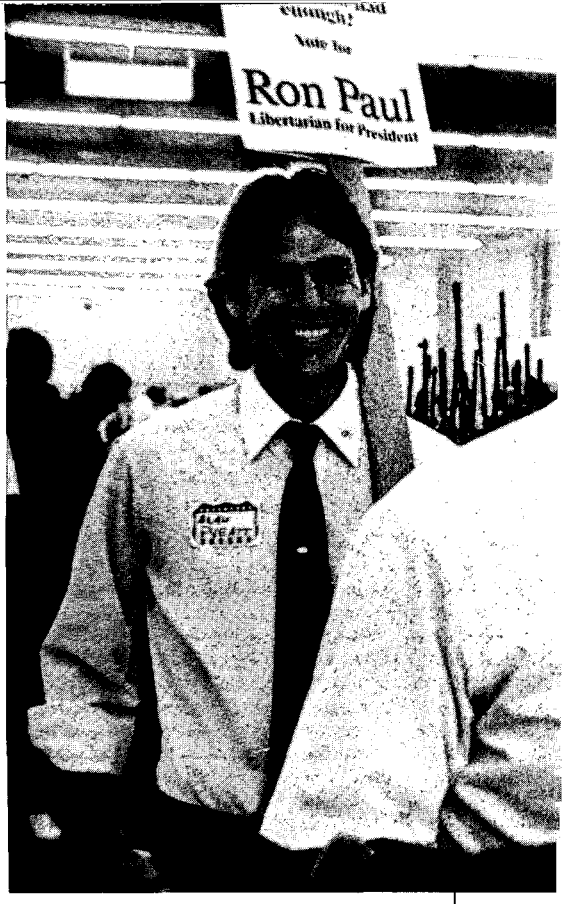
A 53-year-old Pittsburgh native who attended medical school at Duke and delivered his share of Pittsburgh babies before moving to Lake Jackson, on the fringe of Houston, Paul is a quiet, unassuming man you'd probably like as your next-door neighbor. The father of five children, he is not a blazing stump speaker or a sparkling debater. He still hasn't quite mastered the 10-second sound bite so important to network TV, preferring to embellish and explain.

Campaign manager Nadia Hayes, who has worked for Paul for 14 years, says many people find him aloof at first. But that impression, she says, springs from his shyness and reluctance to invade other people's space without being invited. He's not a natural politician to whom glad-handing and dominating a room come easily.

When he first ran for Congress as a

[redacted] BY ALAN W. BOCK





Republican in 1974, Paul was generally libertarian in his personal philosophy but felt that the GOP was the best vehicle to carry the message of limited government and free enterprise. When I met him in Washington in 1976, I was impressed by his quiet intensity—and by the claim that his philosophy had been influenced by reading Austrian economist Ludwig von Mises's hefty tome, *Human Action*, all the way through.

In Congress Paul voted as an eccentric maverick or a reasonably consistent libertarian, depending on your perspective. From a Gulf Coast district, he voted against flood relief funds. He voted against funding for NASA, though NASA was in his district. He was the only House Republican to vote against Reagan's 1981 defense budget. And he was the only House member to vote against a resolution praising Philip Habib for his efforts in Lebanon—Paul believed that the United States had no business maintaining a presence there. As a Banking Committee member he plumped for a gold standard and kept up a steady tattoo of criticism of the Federal Reserve system.

In 1984 Paul gave up what had become a safe seat to run in the Texas GOP senatorial primary, where he finished a distant second (22 percent) to Phil Gramm in a four-way race. He returned to his medical practice and continued to run a small think tank and publish two newsletters.

"About 18 months ago," he told me in August, "I finally decided that the Republican Party simply couldn't deliver on the promise of limited government. The record under Reagan, whom many of us considered the best hope, was simply too negative." He wrote a blistering letter in January 1987 to GOP chairman Frank Fahrenkopf, complaining that "Ronald Reagan and the Republican Party have given us skyrocketing deficits, and astoundingly a doubled national debt," among other horrors. He formally resigned his Republican Party membership.

Seeking the Libertarian Party presidential nomination, however, was hardly a guarantee of influence or prominence. No third party has taken over second spot in the United States since the Republicans displaced the Whigs in 1856. Changes in the election laws over the last 50 years, and even the last 5, have made an aspiring third party's task especially difficult.

Most third-party movements in recent years have been one-time shots centered on already-prominent leaders with built-in constituencies—Henry Wallace and Strom Thurmond in 1948, George Wallace in 1968, John Anderson in 1980. Even the pre-1960 Socialists benefited from two relatively charismatic leaders, Eugene V. Debs and Norman Thomas, who ran for president repeatedly.

The Libertarian Party, by contrast, was founded in 1971 purely as an ideological vehicle. Part of its mission, like that of Britain's Fabian socialists early in this century, is to introduce ideas into political discourse in hopes of shifting the debate in its direction. In five chances, the LP has never run the same presidential candidate twice. Thomas once said that he stopped running as a Socialist after both major parties had adopted the main planks of the early Socialist platforms. Many LP activists would be pleased with such a development in a contrary direction.

The Libertarian Party's early growth was modest and slow. In 1972, it ran University of Southern California philosopher John Hospers for president. Hospers garnered one perverse but legal electoral vote—from Virginia Republican Roger MacBride, who went on to become the LP's nominee in '76. Then, in 1978, the party made a breakthrough. Its California gubernatorial candidate, Ed Clark, an articulate and well-financed attorney, ran a skillful campaign, attracted significant media attention, and rode the tax-cutting fervor symbolized by Proposition 13 to 5 percent of the vote. The LP gained permanent ballot status in the nation's largest state.

By 1980, the party had also attracted the support of Charles Koch, the billionaire son of a wealthy Kansas oil entrepreneur and a major contributor to libertarian enterprises like the Cato Institute. The LP nominated Clark as its presidential standardbearer and tapped Koch's younger brother, David, for vice-president. The election laws permit a candidate to contribute as much of his own money as he likes, and the Clark campaign got about $2 million in Koch contributions.

It is still a matter of debate in Libertarian circles whether the media-fostered third-party candidacy of liberal Republican congressman John Anderson in 1980 helped or hurt the LP. His candidacy stimulated interest in third parties and may have enhanced the perceived legitimacy of the LP. But Anderson also may have taken some of the disaffected voters the LP had hoped to attract with the soft-core, relatively unthreatening Clark campaign. (Some Libertarians criticized Clark for coming off like a "low tax liberal" by soft-pedaling issues such as drug legali-

Ron Paul and 1980 LP presidential candidate Ed Clark; a rally of Paul supporters; Paul campaigning (with Alan Pyeatt, his West Hollywood campaign coordinator) at a Los Angeles gun show; and Paul speaking at a fundraiser held at Ed Clark's home.

zation and opposition to welfare and all forms of taxation.) Clark ended up with 920,000 votes, while Anderson got 5.7 million. The party was left with a $200,000 debt.

The next few years were troubling ones. The 1984 nominee was former national LP Chair David Bergland, a Costa Mesa, California, attorney. On the ballot in only 39 states, Bergland campaigned energetically but attracted little money and few votes. By early 1987, the party's paid national membership was down 20 percent, to 5,417 from 6,781 in 1985. In activist editor Mike Holmes's words, the LP faced a stark choice: "Grow or die."

Into this dismal picture stepped two men who offered the LP the chance to grow by nominating a newcomer to represent it in the 1988 presidential election: Ron Paul and Russell Means.

Paul announced first, in February 1987. He vowed to challenge "big-bank privilege and the Federal Reserve; federal deficit spending in all areas, from social welfare to the Pentagon and corporate welfare; a run-amuck IRS and outrageous tax system; government lying about everything; the vicious attack on our liberty and financial privacy; and the foreign policy that drains our wallets, enriches our enemies, shreds the Constitution, and kills our children."

Means, 48, an Oglala Lakota Sioux, is best known as the cofounder, with Dennis Banks, of the American Indian Movement. In 1971 he led a 71-day occupation of Wounded Knee, South Dakota, site of an 1890 massacre of Indians by the U.S. Calvary. He has continued to be a colorful advocate of American Indian causes and has advised Nicaragua's Miskito Indians in their struggle against the Sandinista government.

In 1980 Montana LP chairman Larry Dodge asked Means to help draft an American Indian plank for the party platform. As a result, Means became intrigued with libertarianism. Three years later, he met with Dodge and other Libertarian leaders, including then-national director Honey Lanham, to discuss running a slate of Indians as Libertarians in South Dakota. The effort was squelched, however, when South Dakota toughened its ballot-access laws.

In January 1987, Lanham called Means and asked him to consider running for the LP presidential nomination. After some soul-searching, he decided to do it. "What grabbed me," he says, "was the fact that in the platform there isn't anything there that isn't Indian. I have now found a group of people who look on me as a human being and not as some primitive savage who is expendable at the whim of governments."

The party had seemed nearly moribund. Now it found itself actively courted by two men with different assets and different perceived liabilities.

Paul had an existing quasi-political organization, demonstrated political savvy at winning elections and raising money, and national recognition among "hard money" enthusiasts and antitax activists. His opposition to abortion was problematic to some. The LP platform has a pro-choice plank, and while some Libertarians are personally against abortion, most are opposed to laws against it. Paul believes that abortion, like murder and robbery, is properly subject to state and local rather than national legislation. His opposition, however, is profound.

Means had name recognition, an international reputation, and entree to the media. He offered a chance to reach out to people who feel oppressed by the government but had seldom been moved by the abstract intellectual appeals favored by Libertarians. He is a dynamic speaker with a capacity to inspire and excite people.

Some LP members wondered whether Means's conversion to libertarianism was sincere, or whether he sought to use the LP as a vehicle to advance his own Indian agenda. Others wondered whether his past association with leftist groups and Louis Farrakhan or his Indian-style hair and costume would be a turn-off to middle-class Americans, branding the LP as a marginal group.

At the September 1987 nominating convention in Seattle, Paul, who had run a well-financed and well-organized campaign by LP standards, won the LP delegates' heads. But Means, with his charisma and especially with a powerful concession speech in which he vowed to remain active in the cause of liberty, won much of their hearts. The convention ended with the party pledged to unity but still facing major obstacles. Ballot access promised to be the biggest problem.

Getting any third party on the ballot is daunting. Every state has its own criteria, some simple, some Byzantine. Typically, a third party must collect signed petitions representing 1 or 2 percent of the elector-

ate or must have received a certain percentage of the vote in a previous election. At the end of 1987, the LP was on the ballot in 15 states; 6 others had minimal requirements. It would take at least 500,000 signatures on petitions to get the 400,000 valid signatures needed to be on every ballot by November.

The Paul campaign immediately began raising funds for the effort and detailed campaign chairman Burt Blumert to the LP Ballot Access Committee. In the end, Blumert estimates, the campaign will have spent $449,000 to get onto the ballot in 47 states and the District of Columbia.

Given his background and predilections, one would have expected a Paul campaign to go heavy on fiscal and economic issues, like a gold standard and the iniquities of the Fed. As issues and events broke, however, he found himself concentrating more heavily on foreign interventionism— particularly in the wake of Persian Gulf disasters—and drug legalization. Interestingly, most everyone involved in the campaign believes the drug issue is "breaking our way."

"Ron has stressed the issue from day one," notes economist and party activist Murray Rothbard. "And as more people become disillusioned with the futility of the War on Drugs, he should get an increasing amount of credit as the only candidate with a sensible, nonhysterical policy." Paul's pro-legalization stance has, in fact, helped attract national media coverage, including appearances on several TV talk shows.

Perhaps surprisingly, then, supporters of TV evangelist Pat Robertson have been especially receptive to Paul's overtures—attracted in part by his strong stand against abortion, as well as his free-market economic views. "I identify with Robertson and a lot of people who follow him," Paul said in a February interview with the *San Diego Union*. "He's not a libertarian—he's weak on civil liberties and I'm not sure about his foreign policy—but we all know Pat Robertson is not going to go anywhere, so we're the only place they can go afterward." Paul has appeared at several functions of the conservative Young Americans for Freedom, including the national convention held in New Orleans at the same time as the GOP convention.

Campaign chairman Blumert, who runs a coin business in California, is almost ecstatic about Paul's ability to reach out to conservatives. "God gave us Ron Paul," he proclaims. "He's a committed libertarian, radical in his views, but a cultural conservative in his lifestyle, able to appeal to disaffected conservatives."

That strategy is disturbing to Honey Lanham, the former LP national director who was probably Means's most fervent supporter. "Going for Robertson people is a little frightening," she says. "Many of those people are overtly hostile to libertarian ideas, and while not all of them may want a theocratic state, some do."

Lanham also expresses misgivings about Paul's meeting in early August with New Right leaders, including Conservative Caucus chairman Howard Phillips and fundraising wizard Richard Viguerie. Neither endorsed Paul, but they encouraged him to stay in the race and offered him informal advice.

Howard Phillips is straightforward about his reasons: "Ron Paul is an old friend. I have enormous regard for his voting record in Congress. I won't play an active role in his campaign, because I believe a Bush presidency would be better for the country than a Dukakis presidency. But I hope Ron will surface issues that will pressure George Bush to move rightward." Phillips believes that if Paul emphasizes domestic economic policy issues where he agrees with more-conservative voters, he could be a factor in key states like Texas and California.

Campaign manager Hayes, herself from Texas, speculates that Paul's status as the third Texan in the race could prove interesting. To get a leg up in the state, the Democrats tapped Lloyd Bentsen, who beat George Bush in a Senate race in 1970. But Bentsen, notes Hayes, beat Bush partly by running to his right, which he won't do as Dukakis's running mate. And Paul has run statewide (albeit unsuccessfully) more recently than either Bush or Bentsen.

Overall, says Paul, "we have a 50-state strategy, a 15-state strategy, and a 5-state strategy. Nationally, we'll do everything possible to get attention from national media, especially the networks, and use that as an opportunity to discuss issues." Paul's running mate, former Alaska state legislator Andre Marrou (see "Mr. Marrou Goes to Juneau," REASON, Oct. 1986), has also been hitting the campaign trail, sometimes accompanied by Means.

Paul adds that "there are about 15 states, with either favorable electorates or strong LP organizations, in which I'll concentrate my personal appearances. Then there are five states, Texas, California, Alaska, Montana, Wyoming, Utah—that's six, isn't it—where we think we can have a real impact, either because the Bush-Dukakis race will be very close or because of strong libertarian sympathies. I have no doubt we can make a difference in a close election."

Success for an ideological third-party candidate is measured by criteria other than mere victory or defeat. The point is to convince an increasing number of people that there's a different way to think about politics, that there may be better solutions than those offered by the Democrats or Republicans. Serious media coverage, permanent ballot status in more states, and a permanent slot in the opinion polls would be some signs of success.

As of July, Paul had done 509 press interviews, of which 21 were with what the campaign classifies as national media (*New York Times*, CNN, Larry King, Morton Downey, PBS). The campaign had raised $1.4 million from 18,000 contributors. Hayes said a total warchest of $3-$3.5 million, from 25,000 contributors, is realistic. Membership and donations to the party, exclusive of the presidential campaign, are up.

Although there's an outside chance of making history, it's still iffy. So why does Ron Paul, who could be doing quite nicely for himself practicing medicine full-time and running newsletters on the side, do it? "You have to measure the satisfaction differently," he told me. "This is a way to work for a world I'll be happier living in, and a better one for my children. I think the economy is shakier than many people do, but with proper economic policy there could be a lot less suffering in this country. Besides, campaigning is fun. I get to travel and get to know like-minded people. I have a strong sense of making a contribution to a better world—maybe not this year or next, but sometime. You can't measure that in dollars and cents." r

Alan W. Bock is senior columnist for the Orange County Register *in California.*

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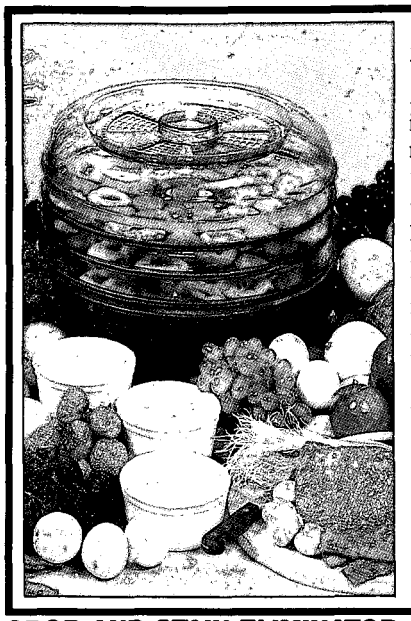

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BUDGETS ARE STUBBORN THINGS

BY DAVID R. HENDERSON

Many people who believe in freedom, and who see George Bush and Michael Dukakis as the only real choices for president, plan to stay home this November rather than bothering to vote for the lesser of two evils. I understand that temptation. But I plan to resist it. On economic policy, there is much more than a dime's worth of difference between Dukakis and Bush.

Consider taxes. Dukakis has said that he would raise taxes only as a last resort. Bush has promised no new taxes, period. I'm not so naive as to believe either promise. After all, even though Ronald Reagan vowed in 1984 not to raise taxes, that is exactly what he did in 1987. But let's apply the same degree of skepticism to both Bush and Dukakis, and let's look at some evidence.

Early in the campaign, Michael Dukakis said that the worst mistake of the Reagan administration was its 1981 tax cut. In his own state, Dukakis opposed Proposition 2½, the 1980 law that limited Massachusetts property taxes to 2.5 percent of assessed value. Does this sound like someone who would raise taxes only as a last resort?

And anyway, what does it mean that you would raise taxes only as a last resort? After first trying to do what? To cut Social Security? To shut down government spending for two weeks while you call Congress's bluff? To pass a balanced budget amendment? Can you imagine Michael Dukakis doing any of these things?

Bush's record on taxes is harder to uncover. He was such a good soldier for Reagan that he never staked out an independent position on taxes. So you can't say much about his credibility on that issue. Instead, we have to retreat to common sense. Which candidate is more likely to raise taxes: one who vows not to or one who refuses to make such a vow?

On domestic spending, neither candidate has specified particular cuts he would make. But I can't think of a single domestic spending program that Dukakis proposes to trim, let alone abolish. Bush, for his part, has laid out an admittedly vague "flexible freeze." He would not touch Social Security, would allow defense spending to increase with inflation, and would balance the budget by 1993 by cutting other domestic spending. Unfortunately, the only way Bush can promise a balanced budget by 1993 is with unrealistic projections.

According to the Congressional Budget Office, if Bush does what he proposes with defense and Social Security, and if most domestic programs increase with inflation while Medicare and farm price supports continue as in current law, the budget deficit in 1993 would be $139 billion. This means that Bush would have to squeeze $139 billion out of Medicare, farm price supports, interest on the government debt, and other domestic spending. He projects $66 billion less in interest payments, but only by assuming that long-term interest rates in 1993 will be 4.5 percent—almost 3 percent below the CBO's prediction. This seems wildly optimistic. The CBO's number is probably much closer to the mark. The other $73 billion in Bush's deficit reductions comes from the $543 billion that is not Social Security, defense, or interest. That's a 13 percent cut.

Moreover, all of these calculations assume that Bush will neither increase spending on any other programs above the level assumed by current law nor introduce any new spending programs. Clearly, that is doable. Can *George Bush* do it? I don't know, but I wouldn't bet a dollar on it if you gave me 20 to 1 odds. A better bet is that the deficit could be decreased from the currently projected $139 billion to about $100 billion.

And that's not bad. Remember that that $100 billion would be in 1993 dollars and that the federal debt held by the public would be about $2.5 trillion by the start of 1993. Assuming an inflation rate of 4 percent, the real value of the debt owed by the feds at the beginning of 1993 would erode by 4 percent by the end, or by $100 billion. Which means that Bush could still run a deficit of $100 billion and keep the federal debt from rising in real terms. And he could do it without any tax increases.

Still not excited about Bush? Consider the alternative. Michael Dukakis and cousin Olympia assure us that he is frugal because he uses the same 25-year-old snow blower. But I don't give a damn how he spends *his* money—that's his business. What matters is how he spends our money. Even in the unusually promise-free Democratic platform, it is not hard to find tens of billions of added spending per year. If Dukakis plans, for example, to introduce government provision of long-term health care, as the platform hints, the price tag would be about $28 billion per year, according to Republican Rep. Har-

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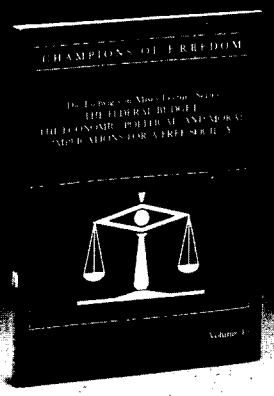

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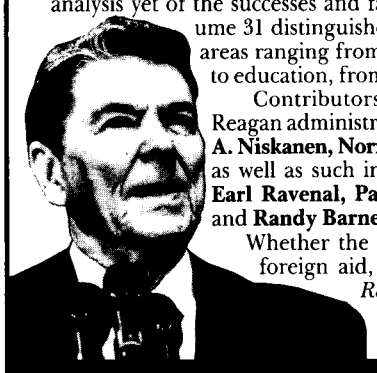

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ECONOMICS

ris Fawell (Ill.).

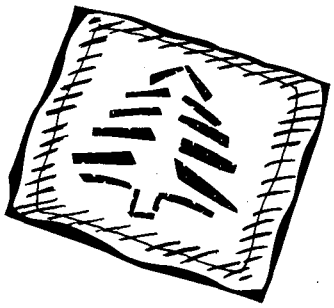
Although Dukakis complains about deficits, he is strangely silent about the increases in government spending that (absent "last resort" tax increases) cause deficits. For good reason. Even the liberal *New Republic* acknowledges that in his last six years as governor, Dukakis increased state spending by 73 percent. Compare this to the 47 percent increase in federal spending under Reagan and the approximately 58 percent increase in spending by state and local governments over the same time period.

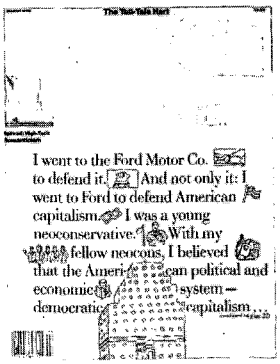
And although Dukakis brags about balancing 10 state budgets, what he doesn't tell us is that by the same way of counting, Ronald Reagan has balanced 7 federal budgets in a row. Balancing a budget in Massachusetts simply means making sure that expenditures do not exceed revenues, where you include borrowed funds as revenues. Every dollar Ronald Reagan spent was either taxed or borrowed too. What's the alternative: knocking off a bank? The simple fact is that when Dukakis became governor in 1982, the Massachusetts debt was $5.1 billion and that it is projected to stand at about $10.2 billion in 1989.

But spending and taxes aren't the only economic policies that can end up hamstringing an economy. Constrained by large deficits, Dukakis would probably do what he has done in Massachusetts: regulate employers. We can't come up with federal funds to support laid-off workers? That's all right. Let's make businesses pay severance pay when they close down a plant or lay off workers—this is the essence of the "plant closing" law that Congress recently passed and Reagan failed to veto. Would national health insurance cost hundreds of billions per year? Too bad. We can make businesses provide health insurance for every employee—this is what Dukakis did earlier this year in Massachusetts. If Dukakis becomes president, look for the Europeanization of the American labor force.

I'll admit that I find morally repugnant such Bush positions as harsh penalties against those who peacefully sell drugs to willing buyers. But am I voting for Bush? Hell yes.

Contributing Editor David R. Henderson, formerly a senior economist with President Reagan's Council of Economic Advisers, writes frequently for Fortune.

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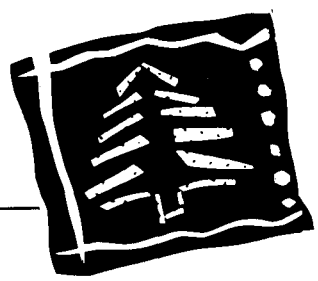

WHERE PROFITS FLUNK

BY JOHN HOOD

Geoff Boone, a student at Claremont-McKenna College near Los Angeles, was vacationing in Hong Kong when he spotted a striking coat-of-arms design on a golf club's beverage coaster. Thinking that the design might sell well on campus, he had it printed on about 100 t-shirts and brought them back to the United States.

CMC had recently opened a student-run store—an ideal place, Boone thought, to sell the shirts on consignment. But when he checked with the student manager, he found out he needed permission from the administration. And the administration nixed the idea.

"They didn't want to deal with that, with everybody on campus trying to market something through the student store," Boone says. "It might have been fine if the t-shirts had said 'CMC Stags' or something. But it was just my own private little venture."

Boone's experience is hardly unique. On campuses across the country, a surge of student entrepreneurship has confounded administrators—who respond all too often with a borrowed trick or two from government planners.

Some schools, including Notre Dame, Princeton, Kentucky, and Berkeley, control campus enterprise with monopoly franchises, zoning rules, or "social interest" regulation. Others, such as the University of Southern California or the University of California at Irvine, forbid for-profit business altogether. And, regardless of their policies, many administrators actively discourage student interest in entrepreneurship, using terms like *greed* and *flea market* to disparage the concept.

Some school officials, on the other hand, think that by closely regulating student businesses, they are helping to "guide" the learning process. Granting students monopoly power is a common expression of this fallacy.

If campus entrepreneurship "is designed to give students business experience and a way to make some extra money...then product lines don't need to be competing," says Bart Franciscone, associate director of student employment at Princeton University, where all student businesses are regulated monopolies.

At the University of Kentucky, administrators teach students about the dog-eat-dog business world by leashing entrepreneurs. Student Agencies Inc., a nonprofit student operation doing about $100,000 in business annually, is the only group allowed to sell on campus.

A student who wanted to market baseball caps, for instance, would have to approach the corporation about starting a new "baseball cap division." The would-be hat hawker would present a business plan to the board of directors, made up of four students and six faculty members or administrators. If someone already sold baseball caps on campus, the board probably wouldn't approve the new division, deeming such competition "wasteful."

In fact, even if the proposed product line would compete with an *off-campus* vendor, the board might not allow it, says Student Agencies president Micah Anderson. "There's a lot of politics involved in some businesses," he explains. "The taxpayers support institutions like the university. So if we piss off taxpayers, the board will have to deal with that."

And to keep students from bypassing its monopoly system, Kentucky forbids running any money-making operation out of dorm rooms. "It's kind of like a zoning law," observes Anderson.

Politics can supplant market choice in other ways, too. When some Kentucky students wanted to open a tanning salon, the board said no, citing possible university liability for any long-term health effects. "But the real reason," says Anderson, "is that [the University of Kentucky] has a large medical facility, and the medical community there was really against it."

At Berkeley, a "business management board" of student senators decides who can rent food stands in the student union. Applicants must meet a "social responsibility" test laid down by the student government. For instance: "The student body is not real keen on having a whole lot of junk food available to students on campus," asserts the program's director, Peggy Perkins (astounding college students and knowing parents everywhere). "We also boycott various vendors, such as Coors Beer, because of their hiring practices."

Rest assured, though. Purely economic criteria also play a role. "The only stipulation with regards to the actual food...is that it cannot be in direct competition with any other existing food service here," Perkins says.

Instead of regulating entrepreneurship, some schools ban it altogether. This straightforward approach operates at UC-Irvine, where profits are passé. "We would allow [students] to sell products if it was part of their club or organization," says Chuck Piper, Irvine's associate chancellor for student affairs. "But they couldn't do it for private profit."

For example, students planning a "Spring Beach Bash" could sell t-shirts

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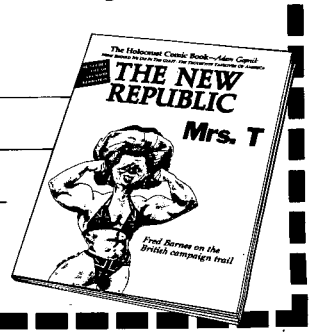

advertising the event—with the proceeds, of course, going back into the Bash for beer or other necessities. "But if it were just students wanting to make $10 for designing really lovely t-shirts, then we wouldn't allow that," Piper says.

Many schools apparently squash student entrepreneurship to prevent competition with university operations, but they rarely admit it. "The administration has taken the tack of protecting the students," says Dan Abila, facilities coordinator at the University of Southern California. "We don't want to turn the place into a flea market. If I accepted everything that came across my desk, I'd have three people selling out there every day" (a fate too horrible to contemplate).

Like Irvine, USC allows student organizations—but not individual student entrepreneurs seeking profit—to sell on campus. Furthermore, the university's bookstore manager must approve all vending. Abila says that this supervision is designed to prevent student groups from being used as "fronts" for outside companies.

So how might the bookstore manager decide what to allow? "First of all, if [a student] was going to sell something like sunglasses, the bookstore already sells sunglasses," Abila says, the monopoly monster again rearing its collegiate head. "Now if it was a unique set of sunglasses, then perhaps the bookstore would look at it." But, he adds, the administration expects to raise a certain amount of revenue from bookstore sales. If the manager lets someone else into the sunglasses market, he could hamper his own business—and get in trouble with his university bosses.

The regulated environment facing student entrepreneurs across the country looks a lot like the real business world, with student senators or university officials filling in for government bureaucrats. It might seem difficult, if not impossible, for an enterprising student to navigate around the various obstacles—licensing, protected monopolies, intrusive regulation, or the prospect of obtaining permits from a potential competitor—and actually succeed with a campus business.

But some do. Geoff Boone, undaunted by CMC's refusal to grant his t-shirts shelf space in the student store, simply sold the shirts by word of mouth. He charged $8.00 each, for a profit of about $5.00 a shirt.

"They sold like hotcakes," he says. "It was just one of those neat things that comes along." Since high school, Boone has also "brought along" a car-window-washing business, and he currently operates an SAT prep course with another young enterpreneur.

That's the trouble with entrepreneurs, as college administrators are sure to discover. When faced with a seemingly insurmountable obstacle, they usually find a way around it. Learning how to operate enterprises in the hostile environment of the American college campus may, unfortunately, be just what future entrepreneurs need.

Summer editorial intern John Hood is a student at the University of North Carolina, Chapel Hill, and editor of The Carolina Critic.

The Dogs of Capitalism, by Mitchell Jones, is a reasoned investigation of the history of dogfighting.

According to the dogfighters, heroism in dogs is a trait that is inherited. If they are correct and if you want a protection dog, then you should buy a puppy whose parents were heroic. But how can you find such a puppy? The dogfighter's answer: buy from a breeder who tests the courage of his dogs before he breeds them. The idea is that a dog who will repeatedly attack a bear, or a lion, or a badger, or a man with a club, or a fighting bull, or a powerful canine opponent, will never fear to come to the defense of his master. Thus if you purchase a puppy from parents who have been tested in this way, the odds are high that he will grow up to be precisely the kind of animal that you had hoped for.

The Dogs of Capitalism traces out the history of man's attempts to apply this idea. It examines in detail the various tests which were employed to find heroic dogs, including lion and elephant baiting, bear baiting, bull baiting, badger drawing, ratting, and dogfighting. It explores the resulting political controversies and their psychological, moral, economic and philosophical implications. Because the author accepted no limits to his investigation other than those imposed by logical relevance, the theme of this book became a lever for prying open all sorts of surprising secrets. The result is a treasure trove of insights in a multitude of fields—a spectacular, shocking *tour de force*, utterly unlike anything you have ever read before. For the advocate of liberty who wants to be able to defend his position, *The Dogs of Capitalism* is must reading.

* * *

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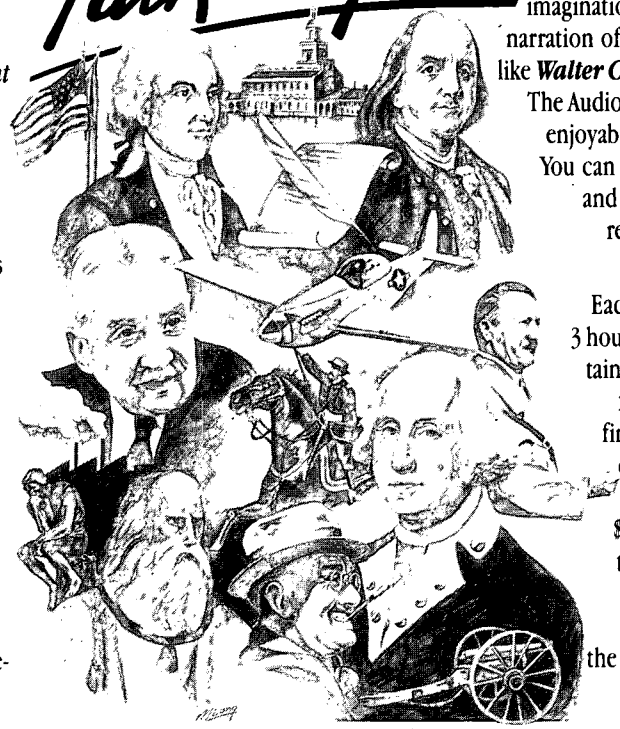

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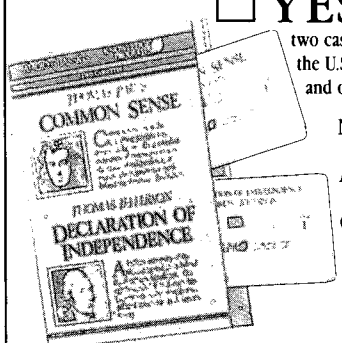

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Schiz-Com Star

By Jane B. Hill

Tracey Ullman: *Able to take on persona after persona, from an aging flower-child deejay to a man-hungry postal worker*

Each week Tracey Ullman opens her show from her dressing room, usually dressed in a pink chenille bathrobe. She chats informally with the audience, dispelling from the outset any theatrical illusions. In one opening sequence, an off-camera intelligence agent gives her a fistful of bills to buy her help in locating U.S. military installations. He figures that as a fabulously successful television star Ullman would receive mail from soldiers and sailors worldwide. His organization could then use the return addresses to locate targets for espionage operations.

Ullman, this time dressed in a slinky black gown, surprises him. The British-born comedian says that when she began her show she might have supported his cause, but now Americans are too important to her. She has come to love them. She takes a gun from her dressing table and kills the agent. Then she turns to her audience and says, "Enjoy the show."

Viewers will find Tracey Ullman as unpredictable, as surprising, as the deceased agent must have. The difference is that for us, the surprises are almost always pleasant.

Ullman has said of her program, "This is a show that's never been done before on a network that doesn't exist," a reference to the fledgling Fox Broadcasting Co. Hugely popular on British television, Ullman was spotted on David Letterman's show by writer-director-producer James L. Brooks. Brooks, an Oscar winner for *Terms of Endearment* and the creator of "The Mary Tyler Moore Show" and "Taxi," checked out Ullman's British performances, then developed an American showcase for her.

Now beginning her third season, Ullman is the brightest spot in Fox's Sunday evening offerings. Winner of a Golden Globe Award last year and nominated for Emmys both last and this year, she almost single-handedly justifies Fox's existence. Seeing her perform is a little like watching Robin Williams if somebody made him stick to the script.

"The Tracey Ullman Show" has been labeled a "skit-com," a reference to its format—two or three unrelated skits a week, interspersed with cartoons by Matt Groening. It has also been called a "schiz-com," because even regular viewers have trouble predicting where Ullman and her regular supporting cast (Dan Castellaneta, Julie Kavner, Joseph Malone, and Sam McMurray) will go with any given plot.

The split-personality parallel is accurate. One of Ullman's many talents is her ability to take on persona after persona—an aging flower-child deejay, a yuppie mom who pages her child over the bedroom intercom, a man-hungry postal worker, an Aussie golf pro—and make each as believable and as unaffected as the next.

Playing Angel, the female half of an over-the-hill husband-wife singing duo, Ullman looks and sounds a little like Tammy Bakker doing Cher. Angel and husband Marty (Castellaneta) are booked for an audience of prisoners expecting Johnny Cash.

To make matters worse, Angel has had it with Marty and the marriage. There have been affairs, drugs, booze—you expect to hear the words "Betty Ford Clinic" at any moment. When they take the stage in the prison cafeteria, their failed dreams echo loudly in the opening number, Sonny and Cher's "I Got You, Babe."

But what looks like a funny statement on show biz with a subplot on prison life turns into something altogether different. A disappointed prisoner jumps from the audience and holds "America's Sweethearts" hostage. His demand? A rendition of "I Got You, Babe" that shows they really *mean* the words they sing. They changed his life with such a performance in Reno years ago, just after he'd knocked off a liquor store. He wants something to believe in.

He gets it. Angel and Marty experi-

ence emotions they haven't felt in years, the prisoners get drawn in, sing along, clap and cheer, and guards wrestle the "terrorist" offstage as he vows it was all worth it as long as the singers really meant it. They did.

Ullman's command of voices and gestures and her insight into the basic nature of a broad spectrum of society make her characters valid, be they the repressed and angry divorcee mugged as she leaves a restaurant after a disappointing date; Kay, the overweight secretary who usually spends Tuesday evenings bathing Mummy's left side; or the topless dancer at her wedding reception, celebrating the marriage and her aged husband's wealth with equally engaging believability.

Her talent alone might be considered an embarrassment of riches in a medium often deemed a wasteland. Still, it is important to consider the possible failure of an enormous talent let loose without adequate support. Think of Robin Williams and Jonathan Winters trying to make art of "Mork and Mindy." Watch "Dolly" one time.

It is, then, fortunate that for Brooks television comedy is practically synonymous with ensemble work. The show's creative team also includes executive producer Jerry Belson, who won an Emmy for "The Dick Van Dyke Show," and Heide Perlman, a writer-producer whose credits include "Cheers." Kavner is also an Emmy winner (for "Rhoda").

Surrounded by creative production, writing, and direction (usually by Ted Bessell, who played Donald, Marlo Thomas's boyfriend, on "That Girl") and playing off talented and innovative actors, Ullman's genius for characterization and for song, dance, and satire comes to full bloom.

As the only female member of a road crew, Ullman questions her femininity after a disgruntled motorist challenges her to a fist fight. Her fellow workers assure her that she's totally feminine (one admits that he thinks only of her while using the pneumatic drill), then they become back-up singers and dancers in a production number, there on the roadside, of Carole King's "You Make Me Feel Like a Natural Woman."

Playing Francesca, the adolescent daughter of a gay couple about to go out of town and leave her alone for the first time, Ullman invites a boy over for the evening and tells her diary the next entry will be written by a *woman*. The evening ends when Francesca and her date negotiate his getting to second base: under coat, over blouse, over bra, left side only, with your eyes closed. Ullman's Francesca, who actually looks and sounds like a teenager, substitutes a sofa cushion for her breast after he closes his eyes. They both feel satisfied.

After winning the Golden Globe, Ullman closed the show in the Betty Boop dress she wore to the ceremony. It was striking and zany, but she admitted that it made standing, sitting, going to the toilet, or exiting a limo without disturbing the toupee of some studio exec impossible. The next week she would come out in her usual ratty bathrobe to tell her audience to go home. Part of Ullman's charm is that you believe she'll do just that herself—go home and wait till next week to be brilliant again.

Jane B. Hill is an editor at Longstreet Press in Atlanta.

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The Good War's Bad Legacy

By Robert Higgs

Washington Goes to War, by David Brinkley
New York: Knopf, 286 pages, $18.95

World War II: *But for Americans at home, it was the "good war."*

The war of 1939-45, which old soldiers call the Big One, was the greatest armed conflict of all time. Mobilization for the war caused far-reaching changes in every aspect of American life. At the outset, the United States was a neutral, relatively weak nation; it possessed the world's 16th-largest army and an economy mired in depression. By the end of the war, the United States was by far the more potent of the world's two superpowers; it possessed the mightiest armed forces ever assembled and an unprecedented share of the world's economic capacity.

The men who presided over this awesome transformation operated from a subtropical city notable for its northern charm and southern efficiency. There the local whites, backed by numerous racists in Congress, maintained a full-fledged system of segregation and discrimination against the blacks who constituted more than a third of the population. There the gleaming government buildings and monuments stood adjacent to some of the worst slums in the country. The city still had 15,000 privies. As the population nearly doubled between 1940 and 1945 and the housing supply failed to keep pace, conditions worsened. But crowding and the incessant rivalry for living and working space represented only one of the many battles on the home front.

David Brinkley's book on wartime Washington is a felicitous combination of history, personal remembrance, and social and political commentary. Listen as you read, and you will hear the familiar gruff voice, the measured cadence, the tone—a little weary, sardonic (or is it merely condescending?), and yet withal as forgiving of one fool as of the next.

Ever the journalist, Brinkley does not try to go very deep. But he gives us a fairly reliable account, enlivened by telling anecdotes, of how the government and the residents of the capital conducted their affairs. If his facts and interpretations are occasionally wrong or misleading, as they are in at least a dozen places, these flaws are a small price to pay for a story that is usually correct and often entertaining to boot. The reader will learn about the Big Events; also about how the capital's rich and silly spent their time during the war (they gave "parties for a purpose") and how certain jubilant Washingtonians celebrated on V-J Day (they "copulated standing up inside the half-dark doorways of office buildings").

Received wisdom maintains that World War II was, for Americans at home, the "good war." In some respects it was. After a decade of depression, workers easily found jobs; producers of war goods raked in big, nearly riskless profits. Even if rationing and other restrictions made certain goods difficult or impossible to buy, almost everybody had an increased money income.

The flush condition of the populace reflected one aspect of the government's strategy for winning the war—namely, to throw money at it. Blessed with enormous economic and military potential, the country "eventually was prepared for war, but at far greater cost than if presidential leadership had been more exacting and if administrative power had been delegated quickly and firmly" during the defense period prior to the attack on Pearl Harbor.

Even after the United States officially entered the war, its mobilization displayed remarkable ineptitude along with miraculous achievements. Among the achievements was the Pentagon itself, the world's largest building, big enough to accommodate 40,000 people. It was "conceived, funded, designed, and constructed in little more than a year." Among the many instances of ineptitude was the termination of typewriter production, just when the government was about to create more records in four years than in all the years preceding.

At the time, citizens had little idea

how much the war was costing. The government heavily censored war reports. The public was not told, for example, how many casualties American forces were sustaining. President Roosevelt bitterly resented editorial criticism and complained constantly that his media critics were damaging the war effort. The armed forces shamelessly controlled the news "to try to conceal their failures and blunders and to give out fulsome detail on their successes." So politics went on as usual, except that, without the usual checks and balances, the government could get away with far more.

Congress was reduced to patronage, carping, and coughing up enormous appropriations for the executive branch. Among the "hacks and misfits ordered hired by members of Congress" were a corps of Democratic ex-congressmen who had been defeated in the elections of 1942. They went onto the payroll of the Office of Price Administration, the most pervasively intrusive of all the civilian war agencies.

OPA administered the controls of wages, prices, and rents and operated the rationing system. Because its job was to make people do what they did not want to do, it incurred widespread hostility and even hatred. Much cheating took place, and black markets flourished. But OPA remained, along with a multitude of other command-and-control agencies. Brinkley seems to think that most people accepted the claim that the emergency agencies were essential to victory.

The market economy went into cold storage. Where it appeared to continue operating, the appearance belied the reality, which was that the government, as Brinkley recognizes, had more or less rigged everything—by official priorities, direct allocations, price controls, tax rules, and other sanctions—to bring about the outcomes desired by the authorities. Whatever the bureaucrats wanted was somehow "vital to the war effort"; they were "forever seeking some advantage for themselves by appealing to the public's patriotism." The armed forces just took what they wanted: buildings, grounds, materials, equipment. They "knew that war gave them a pretext to seize what they would want later in peacetime but would be unable to get." So much for private property rights.

In fact, the political economy became a de facto dictatorship. Even the presi-

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dent's critics believed that "only a small, agile, centralized authority could run the war. Only the president could run the war." Congress and the Supreme Court effectively abdicated for the duration. They expected that later, when the war was over, they would reassert themselves.

But when the war did end, the political economy did not revert to the status quo ante bellum. The widely anticipated postwar depression did not happen. The high "emergency" tax collections receded only slightly before attaining even greater heights. "With the piles of money it was now spending, government expanded rapidly into areas where it had never ventured before." Though the Germans and the Japanese had been vanquished, a new and more menacing enemy immediately replaced them. "Even with the war over and won, the armed services still filled the Pentagon and spilled over into dozens of other buildings all over town"—indeed, all over the world. In so many ways, the war never really ended at all.

Robert Higgs is the William E. Simon Professor of Political Economy at Lafayette College. His most recent book is Crisis and Leviathan.

When Safety Becomes Dangerous

By Walter Olson

Searching for Safety, by Aaron Wildavsky
Rutgers, N.J.: Transaction, 253 pages, $32.95/$16.95

DAVID HWANG

"Don't play for safety," wrote English novelist Hugh Walpole. "It's the most dangerous thing in the world."

Today, the proudest boast of our political leaders is to give us safety, safety, and more safety, in quantities ever more copious. They vow to rescue us from flammable sleepwear and the hazards of the business cycle; from tipping over in an off-road vehicle and getting eyestrain at our computer terminal; and, most urgently, from all things "toxic." They stand ready to block any novel technology whose full hazards are not currently knowable, from gene-splicing to the smokeless cigarette. Their most popular spending programs are couched not as welfare but as "social insurance" against life's reverses. Their big new tort liability system is conceived as one-part accident insurance and one-part safety regulation.

Just as governments imprison people in the name of liberty, says Aaron Wildavsky, so they endanger people in the name of safety. The safety mania of the modern state is not merely expensive, disruptive, and coercive; it actually makes life more hazardous.

This is an ambitious argument, and *Searching for Safety* is an ambitious book. Wildavsky, an eminent and prolific political scientist, seems to have ransacked the Berkeley library for analogies and examples in fields from aerophysics to zoology; one never knows what will come next. The resulting book can be discursive to the point of vexation; where it scores is in its wealth of provocative detail and in the likable personality, both outspoken and judicious, that animates Wildavsky's book.

Its political implications are devastating. Evidence on the failures of the new safety regulation has been mounting rapidly. Wildavsky's may be the first stab at a general account of why it fails so often and so systematically. The method now in vogue for pursuing safety, the author shows again and again, is: identify a risk, ban it; identify another risk, ban it, too; and so on. But most of the easy safety apples were long ago plucked from the tree. What remains are choices between one risk and another, and government chooses badly.

Some of these trade-offs seem obvious. If cyclamates are banned, people consume more saccharin instead; if nuclear power is blocked, more coal and wood get burned; if needless precautions drive up the price of airline tickets, more people drive between cities.

Yet time and again the government cracks down on the lesser risk and drives society toward the greater. The alternative punished least by regulators and courts tends to be the no-technology option of letting nature take its course, which is typically the most hazardous of all, whether the aim is to heat homes, preserve meat, or immunize children.

Safety levels correlate poorly with regulatory bustle. On a graph of trends in workplace or household injuries, one cannot detect the influence of OSHA or the Consumer Product Safety Commission. But safety correlates extremely well with wealth, both individual and societal. As people grow more affluent their environment changes for the better in a hundred ways. "For a forty-five year old man working in manufacturing," points out liability law expert Peter Huber, "a 15 percent increase in income has about the same risk-reducing value as eliminating *all* hazards—every one of them—from his workplace."

In the long run, the most promising of all public health measures is to let people be productive and spend their earnings as they see fit. A regulatory edict or liability doctrine that forces consumers to pay $50 million in higher prices for every life it saves is likely to be a net drain on their health because leaving that sum in their pockets will save more than one life—though we can never know how or whose.

Today's coercive policies, Wildavsky says, err in their obsession with "anticipation," in predicting dangers and evading them beforehand. It is a strategy "based on a fear of regret."

Where a free and decentralized society has the edge is in its contrasting quality of resilience, its ability to "roll with the punches." It permits very large numbers of people to make small forays into the world, "interrogating the unknown." Some come to grief. But by flirting with danger, allowing it to show its head before committing to a response, society builds up knowledge of hazards and begins to master them.

This natural trial-and-error process is blocked by centralized safety management. "If the parts of a system are prevented from facing risks, the whole will become unable to adapt to new dangers." What has arisen instead is the demand for "trial without error"—no innovation until the results can be predicted in advance—which places insuperable demands on the knowledge of regulators.

In recent years a consensus has been emerging that the most serious man-made hazards are not those like pollution that outsiders inflict on us but those we accept voluntarily—saturated fat, beltless driving, and all the rest. This recognition might logically have led to a seemly modesty about regulation's role in advancing safety. What has emerged instead is a ferocious paternalism aimed at protecting us forcibly from the known hazards of our own inclinations. Legislators rage against drinking on college campuses, liability courts are shutting down the more hazardous amateur sports, and so on.

This is bad for freedom, and in the long run it may be bad for safety too. People, like societies, need resilience. The young soccer player does indeed run a small risk of a hideous spinal injury, but his inactive brother runs a different risk, that of not having tested and honed the physical and mental capacities that he may someday need in an emergency or otherwise.

That the keys to risk reduction might lie in our own hands is still, of course, a claim that shocks many. A lot of Americans remain unshakably convinced that the real dangers of modern life lie in being poisoned by radiation leaks and industrial chemicals that have seeped into the water table.

The very invisibility and unprovability of these emanations gives them a potency that defies anything expert opinion can do in the way of reassurance. It calls to mind the James Thurber story of an eccentric aunt who had read too many thrillers and lived in dread that burglars would pipe a colorless, odorless nerve gas into her room as she slept. In nightly terror she would leave all her valuables at the top of the stairs with a note on the bedroom door saying, "Here they are—please let me live." The modern regulatory state asks us to emulate her, by leaving wealth that is real at the top of the stairs in hopes of being spared dangers that are all too often fanciful.

Walter Olson is a senior fellow at the Manhattan Institute for Policy Research and editor of New Directions in Liability Law *(Academy of Political Science, 1988).*

Past Our Prime?

By Steven Hayward

The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000 By Paul Kennedy, New York: Random House, 677 pages, $24.95

Paul Kennedy has attempted to answer the question made prominent in Oswald Spengler's *Decline of the West:* "Does world history," asked Spengler, "present to the seeing eye certain grand traits, again and again, with sufficient constancy to justify certain conclusions?" Both Spengler and Kennedy answer in the affirmative. For Spengler, "culture" is the all-encompassing arena of rise and decline; for Kennedy, it is relative productivity that determines the direction of nations.

Kennedy's is not a crudely reductionist view; he does not say, with Marx, that economics is the Prime Mover of history. At decisive moments Kennedy is at pains to include necessary qualifications to his argument, but essentially *The Rise and Fall of the Great Powers* is among the "in the final analysis" kind of accounts that stress a predominant factor to the practical exclusion of all others.

Economic power, Kennedy argues, is the key to other kinds of power. The rise and decline of world powers, then, is a *relative* matter. Although the United States, on an absolute scale, is economically and militarily stronger than it was 40 years ago, it is clearly less powerful because of the greater rise in the economic and military capabilities of other nations, such as Japan, the Soviet Union, and (soon) China. The book is peppered with charts and statistics measuring relative productivity throughout modern history, giving the impression that world power is one big zero-sum game.

But this is a cheap shot. Kennedy constructs his case with a narrative account of national economic power and war-making capability beginning in 1500. The rich narrative includes analyses of the rise of credit finance and the implementation of new productive and military technologies. This rapid advancement of what might be called the premodern version of the military-industrial complex was preceded by the emergence of Europe as the dominant region of the world by 1500. This rise to preeminence, Kennedy understands clearly, largely resulted from the establishment of market-based economies: "The political and social consequences of this decentralized, largely unsupervised growth of commerce and merchants and ports and markets were of the greatest significance."

The undoing of most great powers is overextension, or "imperial overstretch," as Kennedy calls it. The United States today is like Edwardian Britain—maintaining substantial global commitments while undergoing relative economic decline: "decision-makers in Washington must face the awkward and enduring fact

that the sum total of the United States' global interests and obligations is nowadays far larger than the country's power to defend them all simultaneously." The world, moreover, is in the midst of a transition from a bipolar system (United States–USSR) to a multipolar system, with as many as five nations, or groups of nations, crowding center stage. This circumstance requires a keener statecraft on the part of world leaders, and our leaders especially must adjust to this trend, though Kennedy does not specify the kind or degree of adjustment needed.

On the crucial strategic question of whether the defense of America begins east of the Rhine River, Kennedy doesn't help us very much.

The Rise and Fall of the Great Powers is neither as good as nor as bad as its friends and critics say. One can dispute with devastating effect his interpretation of the facts and statistical measures of relative American decline (see especially Owen Harries's blast in *Commentary*, May 1988). Or one can equally use the raw facts, which are not new, in support of critical observations that the United States bears the disproportionate cost of Western defense. It is not until one pushes beyond the pigeon-holed arguments about America's place in the world that one sees that Kennedy's book is largely irrelevant to dealing with this fundamental question.

Its chief vice is an abstract detachment from other fundamental factors of world conflict, such as ideology, national and personal ambition, and strategy. If, as the Reagan administration contended upon taking office in 1981, "the Soviet drive for empire is accelerating in momentum and is becoming more and more difficult to contain," then the cost to the United States and its allies can only be expensive or very expensive. To be transfixed by the problem of *relative* economic decline, which even Kennedy does not argue is irreversible, is to miss more-important factors that might come to bear on the prospects for *absolute* decline. And if Kennedy is right that defense spending is a drain on the rest of the productive economy, he is silent on the effect of welfare spending, which is immensely larger in every Western nation.

On the crucial strategic question of whether the defense of America begins east of the Rhine River, *The Rise and Fall of the Great Powers* doesn't help us very much. Thoughtful observers on both sides of the question have long known that the United States needs to move beyond a containment strategy. This requires a subtle and sophisticated statecraft, at which the United States is generally very inept. Kennedy's book, which its boosters suggest should be an informing document for the Democrats, provides neither guidance about this process nor, more importantly, any recognition that U.S. policy has already begun to take notice of the economic factors he points out.

Although the United States under Reagan has sought at great expense to develop a "two-war capability" in place of the "1½ war capability"—a recognition that the world struggle has shifted to the peripheries of the Middle East and Asia—it is also true that the United States, however slowly, has been warning the Western allies of exactly the factors Kennedy identifies. This is a definite change from the attitude America took in the 1950s, when U.S. policy, especially in the Suez crisis of 1956, carried the tacit and often explicit message that Europe should cede the world's problems to the U.S. State Department.

With this background, one cannot expect a rapid change in the share of the Western defense burden. Still, U.S. policy succeeded in drawing significant European forces along on the Persian Gulf adventure. But there's a long way to go yet. And if the goal of this policy is to spread the burden around while maintaining American preeminence in the alliance, it is a very tricky task, indeed.

The Rise and Fall of the Great Powers, at once magnificent and exasperating, will in the end prove ephemeral because of its abstract detachment from the fundamental noneconomic factors of international statecraft. A didactic history must offer a more-complete account of causation, and in the field of national ascent and descent it is the prudence of statesmen, more than mere economic calculation, that determines the fate of nations. Beyond this season, readers inquiring after the issue will look past Kennedy to the more enduring, because more encompassing, rise-and-fall classics such as those of Thucydides, Spengler, Montesquieu, and Gibbon.

Steven Hayward, a student of American studies at the Claremont Graduate School, is editor of The Claremont Review of Books.

Root for the Jailors

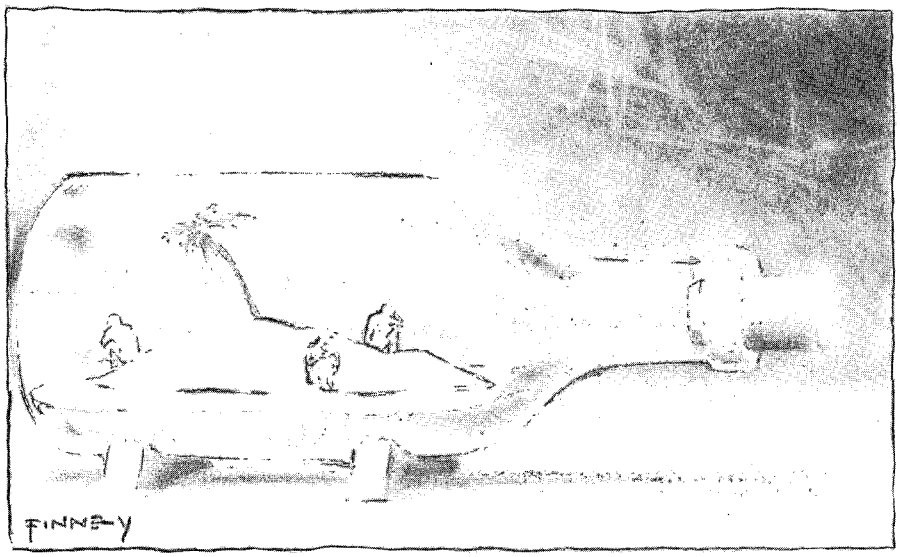
By David Brin

The Penal Colony, by Richard Herley
New York: William Morrow, 311 pages, $18.95

If there is a coin of the realm in the genre of "sociological" fiction, it is the author's vision of where we're all going and what life will be like when we get there. This coin comes in many shapes, sizes, and denominations, but it generally shows one of two faces. The obverse is *utopia*, a writer's prescription for a bright tomorrow...if only people wise up in time. The coin's reverse is *dystopia*, generally a tour of some special version of perdition, one that we are told awaits us down the road a piece if people don't wise up in time.

I am a great fan of both utopias and dystopias. Rather more the latter, actually. For besides offering better scope for grit and adventure, novels that double-time as dire warnings sometimes actually do us good. Which is more than one can say for most preachy recipes for heaven on earth.

I've heard it contended that *Dr. Strangelove* and *Fail-Safe* actually helped prevent World War III by exploring scenarios for holocaust-by-mistake in such vivid,



KEVIN FINNEY

frightening detail that military planners consciously and subconsciously changed their methods accordingly. Certainly our cultural resistance to more-blatant forms of tyranny benefited from the mythic inoculations provided by *Brave New World* and *Nineteen Eighty-Four*. And are we not more likely to do our homework, when we begin instilling intelligence in animals or computers, after having been scared half to death by *Planet of the Apes*, *Colossus*, and *Frankenstein*? Clearly, the best dystopias make us think, and thereby become self-preventing prophesies.

Still, even those must be taken with several grains of salt. After all, what product is the author pushing?

Now don't get the wrong idea. I rather like Richard Herley's new novel, *The Penal Colony*. It is vividly written, extremely visual, and features characters who, if not exactly deep, are nevertheless entertaining and believable. Herley's peculiar dystopia—set upon a tiny Cornish island called Sert—is depicted as society's ultimate disposal site for human toxic waste. There, late-century Britain has chosen to rid itself of "Category Z" convicts by dumping them into primitive isolation with no guards and only each other for company. On Sert, they are to fend for themselves, supplementing what they can raise or hunt with meager weekly helicopter drops.

It is a dire thing to be sentenced to Sert. From such exile no one has ever returned.

The story is seen through the eyes of a young newcomer, an innocent victim of justice gone awry. From his bewildered arrival until the prisoners' final, desperate attempt at escape, Anthony Routledge's principal struggle is simply to survive.

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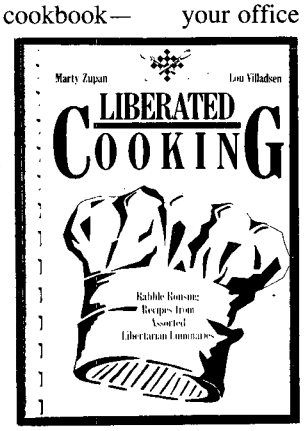

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Obviously, though, there is more here than an action story. *The Penal Colony* is well wrought and escapes the tendentious simple-mindedness of many sociologically motivated novels. Nevertheless, it is clear that Herley has opinions and wants the reader to share them. He raises thought-provoking questions about man in an enforced "state of nature." His allegory is made more stark by the situation—*only* men...mostly men with violent pasts...with no women or children present to muddy the ethical waters.

This gives Herley an opportunity to take us through some moving passages about alienation and loss and how, for some men, the exercise of craftsmanship can be a salvation from the agony of loneliness. It also lets Herley create a set piece in which his archetypes can engage each other without the murkiness of civilization getting in the way. (I sometimes think this is the attraction of "survivalist" fiction. The reader gets to pretend all the hated rules of daily existence have evaporated...it's just him, his trusty AK-47, and the bad guys. "Eat leaden death, weasels!")

Herley's stark contrast is between life in "the Village," under autocratic but benevolent "Father" Franks, and that beyond the Village palisade, where the Outsiders exist in brutal anarchy. Herley presents two human paradigms. It is a Hobbesian choice and, given the rules of this game, perhaps an inevitable one.

Herley seems to be saying that there are two ways to deal with the apparently inevitable and endless struggle among males to outdo each other at egomania and violence. One is to allow the strong to bash the weak and prevail in might. And the other is cooperation—dedication to a community and to a purpose greater than the individual. He also seems to be saying that, at least under circumstances as extreme as these, any cooperative effort must be supervised by a powerful, if benevolent, leader.

In the context of Sert, this is quite believable. Democracy and tolerance of eccentricity are, after all, products of prosperity. It is hard to picture men—especially violent men—behaving democratically in a setting of privation. I am led to think of the adventures of the British explorer Shackleton, whose gentle but dictatorial rule brought all of his men home alive from a catastrophe in the Antarctic that should have killed every one of them.

But myths are the coinage we use in our sociological ponderings. And I wonder if, in these times, we need more tales extolling the *führer* principle, even under extreme circumstances. It is a fantasy that's all too tempting to daydreaming young males, but there are others with stronger potential. For example, we are a nation that nurses the idea of man as indefinitely *perfectible*...perhaps a silly notion, but one that has produced the first generation of women and children who have some say over their own lives.

Herley stacks the deck heavily, depicting the Penal Colony as not only a savage, brutal institution, but venal and corrupt as well. The penal authorities are callous and unfeeling to an extreme. There are passing hints that a few prisoners were snuck in for political reasons. And the point-of-view character sees himself as innocent of the rape-murder for which he was convicted.

And yet even after all of this, I found myself in the end rooting for the jailors—hoping the escape attempt of the prisoners would fail. For I had come to know these men. And while I had been drawn into liking some of them, I also realized the inevitable consequence if they got away. Somewhere, sometime soon afterward, quite a few innocents were bound to suffer, horribly.

It is a quandary for which Herley offers no solution. Would *you* empty San Quentin for the sake of one innocent man?

That is just one of the beauties of fiction. We can perform thought experiments, argue, and debate the issues. But nobody is asking us to live, in the real world, with the consequences of such hypothetical choices.

David Brin is the author of seven novels, including The Postman *and the Hugo Award–winning* Startide Rising.

Book Hints

Conservatism has enjoyed renewed respectability these past eight years. Now President Reagan, its most eminent spokesman, is about to depart the White House. What better moment to take stock of the things conservative.

In **The Conservative Movement** (Boston: Twayne Publishers, 140 pp., $18.95), Paul Gottfried and Thomas Fleming trace the evolution of New Right conservatism from 1945 to the present in a concise, though unabashedly sympathetic, guide to the changing conservative landscape.

Two works published by the Washington, D.C.–based Free Congress Research and Education Foundation, **Issues '88: A Platform for American Social Policy Planks**, edited by Mark Liedl (135 pp., three-volume set, $19.95 paper) and **Cultural Conservatism: Toward a New National Agenda** (147 pp., $6.95), outline a decidedly conservative social and cultural agenda for the future—from outlawing surrogate motherhood contracts and reestablishing school prayer to strictly enforcing pornography laws and reversing the *Roe* v. *Wade* abortion decision.

Robert Nisbet's **Modern Age** (New York: Harper & Row, 145 pp., $17.95) provides a well-crafted and fascinating analysis of American government and political philosphy in the 1980s. Long identified as a conservative, Nisbet nonetheless voices trenchant criticisms of modern American conservatism, including a forceful critique of conservative militarism and evangelicism.

—L. S.

High Weirdness by Mail, by Rev. Ivan Stang, New York: Fireside Books, 333 pages, $9.95 paper. "Do you have 'different' tastes? Intrigued by the bizarre, the kooky, the kinky—as long as it keeps its distance? Enjoy getting unsolicited, *unspeakably weird* things in the mail—for free? Love to snicker in superiority (perhaps largely imagined) at the incredible gullibility of others? Enjoy reading the headlines on sleazy tabloids, and ads for local psychic fortune-tellers?....Then...HAVE WE GOT A HOBBY FOR YOU!!"

So begins the instructions-for-use section of *High Weirdness by Mail*, the latest offering of bizarreness from the pen of Reverend Ivan Stang, ordained Minister of the Church of the SubGenius and master kook watcher. Never before has there been so apt an introduction. Here is a treasure trove of all that is over the edge of American mainstream culture.

In short, this is what Hunter S. Thompson would refer to as "a savage journey into the heart of the American Dream."

And every single bit of it is available by mail. Stang provides hundreds of names and addresses of organizations that offer (usually free) eccentric literature, strange magazines, weird art, cassettes, you name it. He presents commentary on these people and groups in a shoot-from-the-hip style that does not even pretend to be objective—"OBJECTIVITY? HA! *It is to laugh.*" As Stang puts it in the introduction, "To grossly insult almost everyone listed here was the only way to be *fair.*"

Even if you never write off a single letter to the organizations Stang describes, the listings themselves are well worth the price of the book. From Tony Alamo's anti-Catholic tirades ("these brochures ooze with vindictive psycho-hate"), to *Lowlife* ("deliciously captures the '80s ambiance of torment and agony, sloppiness and sleaze"), Stang is out to have a good time while bringing you the best in kook literature. To add a note of wit to many of these summaries, he frequently uses the same stylistic devices that many of his paranoid subjects use (including screaming CAPITAL LETTERS, shrill derision, and the random Capitalization of every other Noun).

Even apart from the humor, there are at least a few good reasons why any student of liberty might wish to dip into this book. First, no matter what you think about the shambling lunatics listed in *High Weirdness*, each one of them is a stark individualist. In fact, individuality probably doesn't *get* much starker. Second, the fact that many of these people exist at all is testament (of sorts) to the enormous freedom and diversity of American society.

Finally, there remains the possibility that some people listed by Stang aren't really kooks. Who knows, some of the wacky inventors he lists may turn out to be the Edisons or Teslas of our time. And with so many odd things having come to light in the last few decades, it is quite possible that at least some of the conspiracy theorists in here are actually on to something—remember the derision that greeted first reports of the army's secret LSD experiments?

Buy this book. Read it. Send off for as much bizarre free info as you can stand. Then make up your own mind.

—Lawrence Person

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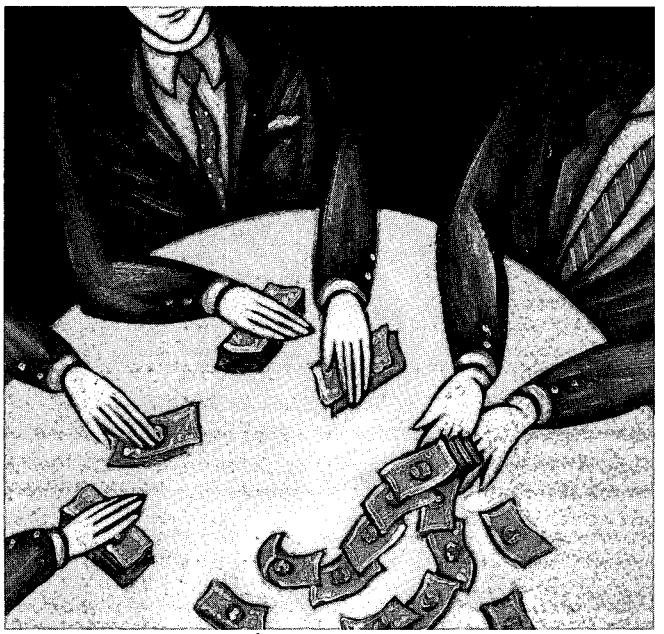
OUTSPEND THE BIG SPENDERS

BY TIMOTHY CONDON



What's a poor, dumb conservative Republican to do? Or any one with sound notions about government spending? Democrats like to buy votes and elections with ever more extravagant spending programs; and the GOP, when it doesn't join in, is generally able to muster only a comparatively weak, "Us too, but let's spend less."

It appears that Congress is *never* going to turn off the money spigot, no matter what the ultimate disastrous consequences. The problem seems intractable...yet a solution is at hand.

The key is "micro" supply-side tax cuts. The visionaries responsible for the first, halting supply-side cuts, reducing marginal tax rates, didn't go far enough. What's needed now is "targeted" supply-side cuts. Or, put simply, let the antitaxers...*outspend the big spenders*.

This apparently perverse prescription relies on an unusual definition of *spending*. Liberal politicans tend to act like all income earned by individuals is, at base, government property. Any taxes waived below the 100 percent level are labeled "tax expenditures."

"Fine," the antispending forces should say. "We don't accept your notion of tax "expenditures," but we'll be glad to match you in spending, dollar for dollar, if you want to talk Big Spending." Then they should abandon themselves to a supply-side, vote-buying orgy of "spending" with tax credits, income exemptions, and across-the-board rate cuts.

Does Congress want to pass a multibillion-dollar child care bill? But of course! The proposed "Act for Better Child Care," nicknamed ABC (cute, that), would authorize $2.5 billion, for starters, and is projected to cost $12.8 billion over its first five years. That money must be taxed away from the working mothers and fathers and nonparents of America, only to do a U-turn in Washington.

But why make all that money—and the increasing billions to follow—do a reverse march inside the Beltway? Why not dispense with divvying up the spoils in the District of Columbia altogether? Let's loft a supply-side counterproposal: all income earned by those who look after children for mothers who work outside the home—nannies, baby sitters, day care workers, and so forth—should be exempt from federal income tax. And to give relief to hard-pressed parents (the "demand side"), we could offer a 100 percent tax credit on all money they spend on child care.

The cost of such programs? In the case of child care, society would be *enriched*, as people kept more of their earned wealth and spent it for the benefit of themselves and their children. Not to mention the benefits to be garnered by attracting better people to the child care industry. But perhaps best of all, politically, the "spending" on such programs could be trumpeted far and wide by antispending politicians.

We can apply this double whammy of pinpoint supply-side income exemptions and demand-side 100 percent tax credits to *any* proposed spending program. How about catastrophic health insurance, a current favorite among reelection-conscious pols? Congress just passed a five-year, $35-billion program that entails catastrophic increases in Medicare premiums.

Instead of giant premium escalations—a type of tax borne by the elderly—why not apply a targeted supply-side remedy: exempt from taxation all money spent on catastrophic health care. If Congress should deem further relief necessary, then income earned by providing the care could also be exempt.

The "costs" of such "spending" would probably be in the billions...and yet societal wealth would be enhanced rather than drained. Antispending politicians could boast about their socially conscious "spending" initiatives, and the only groups to lose would be those that habitually subsist on government tax revenues.

The possibilities are endless. Military and defense policy? If staffing is the problem, exempt income earned by servicemen and women. If bursts of productivity or creativity are desired, exempt income earned by defense contractors in specified fields. Trade deficit? Exempt from taxation money earned in the export industries. The collapse of American education? That's easy: exempt the incomes of teachers, and stand back.

It looks like the Republicans might be catching on to this idea. George Bush's response to the Democrats' multibillion-dollar gusher for child care was a shrewd counterproposal for a $1,000 tax credit eventually intended to benefit *all* families with a parent working outside the home. This countermove may generate lots of votes from people who count, but it doesn't go far enough. If Republicans in Congress are really serious about beating the entrenched Democrats at their own game, they must look at *all* spending areas with an eye to affording the American people more tax relief...and more, and *more*.

Contributing Editor Timothy Condon is an attorney in Tampa.

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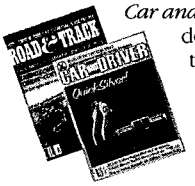

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